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**Trade Policy Review Body**

**TRADE POLICY REVIEW**

REPORT BY THE SECRETARIAT

ANGOLA

This report, prepared for the second Trade Policy Review of Angola, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Angola on its trade policies and practices.

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Document WT/TPR/G/321 contains the policy statement submitted by Angola.

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**SUMMARY**

1. From 2006, when Angola underwent the first review of its trade policy, to 2008, the country recorded vigorous (double-digit) economic expansion, boosted by high oil prices and its position as the second largest oil producer in sub-Saharan Africa. Nevertheless, with the world crisis in 2008 and the collapse of oil prices, Angolan economic growth plummeted to 2.4% in 2009 before staging a gradual recovery to 6.8% in 2013 and standing at 3.9% in 2014. This performance enabled Angola to reduce its poverty rate from 62% in 2001 to 37% in 2009, with an estimated per capita income of US\$5,706 in 2012 as compared to US\$1,000 in 2001, just before the country emerged from the social and political crisis in 2002. Owing to marked inequalities, however, social indicators have not improved significantly.

2. Indeed, the UNDP's Human Development Index ranked Angola 149<sup>th</sup> out of 187 countries in 2014 and, of 221 countries, among the ten with the highest infant mortality rate. Driven by highly capital-intensive offshore oil production, Angola's growth has also failed to generate jobs, and unemployment remains high at around 25%. Efforts are now being geared towards diversification, as oil products still account for some 40% of GDP, over 95% of export earnings and close to 75% of government revenue. The overriding aim is to boost agricultural production, which only makes up about 5% of GDP, although it employs over half of the workforce; Angola was self-sufficient in food before gaining independence in 1975 and has immense potential for meeting this challenge. The development of manufacturing (about 4% of GDP) is relying on agribusiness and the processing of mineral resources (1% of GDP), consisting mainly of diamonds, of which Angola is Africa's second-largest producer. Services (generating some 22% of GDP and 39% of all jobs) are expanding, although the country is still a net services importer.

3. Continued implementation of the stabilization programme supported by the IMF between November 2009 and March 2012 helped reduce consumer price inflation to 7.3% in 2014, the lowest level in 20 years. The reforms also aim to increase the competitiveness of the economy, where prices have remained very high for too long. Infrastructure investment over recent years is expected to be a contributing factor. Trade policy, which falls mainly under the Ministry of Trade (MINCO) and involves other ministries and state agencies as well as the private sector on an ad hoc basis, supports the aim of diversifying the economy towards fast-moving consumer goods (food products in particular). Given the continuing decline in oil revenues and the accompanying contraction in imports, boosting Angola's trade, which fell from over 100% of GDP until 2011 to around 77% in 2013, calls primarily for diversification, which is also expected to help alleviate poverty over the long term. The country is pinning its hopes on the market openings that would result from the conclusion of the Doha Development Agenda. For now, Angola's main suppliers are Portugal, China, the Republic of Korea and Brazil, and the leading destinations for its exports, chiefly oil products, are China, the European Union, the United States and India.

4. Angola became an original WTO Member on 23 November 1996. It is not party to the Plurilateral Agreements on Government Procurement and on Trade in Civil Aircraft. Angola grants at least MFN treatment to all its trading partners. Despite participating actively in the Trade Facilitation Agreement negotiations, Angola has not yet ratified the Agreement or notified its Category A commitments. Angola belongs to two of the eight regional economic communities recognized by the African Union, namely the Economic Community of Central African States (ECCAS) and the Southern African Development Community (SADC). Angola has neither ratified the SADC Trade Protocol nor signed the SADC draft Protocol on Trade in Services. Angola withdrew from COMESA in 2007. Angola has supplemented its network of bilateral trade agreements, which has increased from 30 to 38 framework or cooperation agreements. Angola participated, as part of the SADC group, in the negotiations for an Economic Partnership Agreement (EPA), but did not initial the Agreement concluded by the European Union with six other SADC members in July 2014. Angola is a beneficiary of the United States' African Growth and Opportunity Act (AGOA) and as a least developed country, of the GSP schemes of other countries. Under the Global System of Trade Preferences among Developing Countries (GSTP), Angola has conducted negotiations with Mozambique and Cuba. For the time being, however, Angola accords no trade preferences.

5. A 2011 law provides for equal treatment of domestic and foreign investors. The petroleum, gas, diamond and financial institution sectors are subject to special regimes, which include tax and customs benefits. Angola has signed agreements on the promotion and reciprocal protection of investments with 13 States. It is also party to the various United Nations conventions

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guaranteeing the rights of foreign investors. It is a member of the Multilateral Investment Guarantee Agency (MIGA) but not a member of ICSID. Investors are eligible for tax benefits, customs benefits and exchange control benefits, negotiated on a case-by-case basis under a contract with the authorities, within ranges set by the law in accordance with various criteria, in particular geographical and sectoral ones. In return for these benefits, companies and enterprises formed for the purposes of private investment are required to employ Angolan staff, provide them with the necessary vocational training and offer them salaries and benefits commensurate with their qualifications.

6. A regime governing public-private partnerships (PPP) was also introduced under a 2011 law. These partnerships cover areas previously reserved for the State, where investment and private management under a concession regime have been deemed conducive to accelerating infrastructure development. All land holdings belong to the State, which may, however, assign the right to use land under a concession or long-term lease.

7. According to data notified to UNCTAD, in 2014 Angola was the second highest recipient of foreign direct investment inflows in the whole of Africa – up five places from the previous year, with investment totalling US\$16 billion. Nevertheless, in the same year Angola was ranked only 181<sup>st</sup> out of 189 in the World Bank's Doing Business rankings.

8. Businesspersons must be registered in the Register of Exporters and Importers administered by the MINCO. Since 2011, importers and exporters of goods exceeding a value of US\$5,000 also have to obtain an import/export licence. From March 2012 onwards, import, export and re-export licences have been managed electronically. All goods imported or exported through Angolan sea ports must have a cargo tracking note; the associated charges may vary from one shipment to another. A customs declaration is required for both imported and exported goods under any customs regime, if their value exceeds AOA 475,288. The declaration may only be submitted through an approved customs clearing agent (or forwarding agent), who must be an Angolan national.

9. Angola has introduced a risk management mechanism used to process customs declarations. There is also a deferred control mechanism, but goods may not be withdrawn until the amount owing in duties and taxes has been paid; only oil industry operators may post security for the purpose of removing goods. During the period under review, Angola put an end to its preshipment inspection system, computerized the main customs posts and merged all tax administrations into the General Tax Administration (AGT). There is an accelerated customs clearance procedure for authorized ("trusted") operators; an accelerated procedure is also available for goods requiring priority customs clearance because of their nature.

10. To diversify its economy, Angola has taken several import substitution measures. Customs tariff rates (especially those on agricultural products) have risen considerably and fall within a range of 2% to 50%, with an average of 10.9% (compared to 7.4% in 2005). Hence, for 31 tariff lines the applied MFN rates often exceed the bound rates by as much as 35 percentage points. Imports are subject to various other duties and taxes, often *ad valorem*, even though Angola bound them at 0.1%. Some imported or domestically produced products are subject to a consumption tax, mostly at a rate of 10% (which may be as high as 30% in some cases). This tax has a knock-on effect that is prejudicial for competitiveness and consumers. There is a ban on cement imports, and various agricultural products are now eligible for an import quota regime, which is awaiting implementation.

11. Duty and tax concessions may be accorded for some goods or economic operators. During the period 2009-2014, revenue foregone as a result of these concessions for import and export duty and taxes ranged from 24.7% to 40.9% of annual customs revenue. Most of the customs duty exemptions are for imports intended for the oil and gas industries.

12. Other than a general framework, Angola has no anti-dumping, countervailing or safeguard legislation and has never adopted such measures. The SPS and TBT regimes are not coordinated. For example, some imports are subject to several inspections by different institutions, which collect the associated fees. The import of bovine animals from Namibia has been suspended for the time being because of foot-and-mouth disease. Food and consumer products may not be

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imported into Angola if less than one quarter of their shelf life remains; for pharmaceuticals and cosmetics, the threshold is 50% of their shelf life, with a minimum of six months.

13. Export duty is payable on some products, including minerals exported in the rough state, and is based on the f.o.b. value. Goods in transit by land must be escorted. According to the authorities, the State is not involved in export financing and does not grant any export subsidies. Activities are reportedly under way to set up a National Export Promotion Agency (ANPEX) and to draw up an export promotion strategy.

14. Angola has not yet notified the WTO of its state-trading enterprises within the meaning of Article XVII of the GATT. Yet State involvement in the economy remains extensive. State-owned enterprises operate in almost all areas of economic activity, particularly in the oil, diamond and electricity industries, which for the most part are still under State monopoly. Consumer subsidies are granted for several products, including fuel, electricity and water, which are subject to price control. A new government procurement management framework introduced in late 2010 stipulates a preference for goods produced in Angola and/or services provided by Angolan or Angola-based suppliers. No competition policy has been adopted to date, and Angola's intellectual property regime dates back to 1992.

15. With a young and growing population, vast expanses of land suited to agriculture and extensive hydraulic resources, Angola has the potential once again to become a major agricultural producer and exporter. Yet, with an estimated 5.4% share of GDP in 2013, agriculture (including forestry and fishing) is slow in becoming a driving force of diversification in the national economy and in the fight against poverty. Industrial fishing (tuna, shrimp, prawns and crabs) is reserved exclusively to Angolans or to foreign vessels leased to or jointly owned with Angolans. Angola remains a net importer of agrifood products.

16. Agriculture in Angola is still dominated by small-scale family farms, and the low level of mechanization is limiting productivity in a number of sectors. The fragmentation of the domestic market, caused mainly by poor infrastructure and the lack of marketing platforms, tends to reduce producer profit margins. Outreach services are still rudimentary and the lack of a legal framework is a disincentive to setting up agricultural associations and cooperatives. Moreover, a monetary policy that results in overvaluation of the national currency is tending to erode the competitiveness of the agricultural sector, for which most inputs and equipment are imported.

17. Agriculture and food processing receive the highest levels of tariff protection. The average rate of 23.3% applied to agricultural products (WTO definition) is more than twice the 2005 level; it is also more than twice the 2015 average rate on non-agricultural and non-oil products (9.1%). Based on the ISIC (Rev.2) definition, agriculture remains the most protected sector with an average tariff of 23.8%. Besides, some products may be imported free of duty and consumption tax if they have been included in the "basic basket" or in the event of a shortage on the domestic market. Domestic support for the agricultural sector takes various forms, including subsidized credit, the lending of material and equipment, subsidies for draught power and irrigation costs, and the provision of veterinary services free of cost to small producers. According to the authorities, agriculture does not receive more than 5% of the national budget.

18. The oil industry is still the mainstay of the Angolan economy, despite the negative shocks that affected its performance in 2014. The test phase of natural gas production in Angola began in 2013 and full production should be under way by the end of 2015. As the State's sole concessionaire, the government-owned company Sonangol (*Sociedade Nacional de Combustíveis de Angola*) controls all activities relating to oil and natural gas. Sonangol held financial stakes in 165 other enterprises in 2013, operates a vertically integrated conglomerate in the subsector, and is active in several other fields. Domestic demand for refined oil products is met chiefly with imports; through a subsidiary, Sonangol holds exclusive import rights for oil products (except for lubricants).

19. Angola's subsoil is rich in a wide variety of mineral resources that have not yet been properly identified and assessed. Recent mining exploration and exploitation have focused on diamonds, of which Angola is one of the world's leading producers. The mining subsector is facing a number of problems, including a lack of suitable infrastructure and the continuing presence of anti-personnel mines; the very limited domestic supply of inputs and services indispensable to

geological and mining activities; and the lack of financing and credit mechanisms geared to the mining industry on the Angolan market. In exchange for the granting of mining rights, the State receives a share of the proceeds from mining through joint ventures, in which at least 10% of the equity is held by a state-owned enterprise, and/or through production sharing in proportions that vary throughout the production cycle. A new Mining Code in force since September 2011 introduced the possibility of a foreign majority stake (up to 90%) in joint ventures set up to work strategic minerals; the adoption of a standard investment contract; and the award of mining rights by open competition (mandatory for all strategic minerals).

20. The National Diamond Company of Angola (ENDIAMA) is a state-owned enterprise that holds exclusive diamond mining rights throughout Angola; it represents the State in the granting of those rights and coordinates prospecting and mining. ENDIAMA holds financial stakes in several companies and is engaged in activities across the diamond subsector, including marketing, and in various other fields (industrial security, air transport, hotels, and medical services).

21. Substantial State investment has led to steady growth in electricity output, especially from thermal power generation. The potential of hydraulic and natural gas reserves and that of other renewable energy sources has not yet been fully exploited. Despite the progress made, the estimated 30% rate of electrification is still below the average for African countries, and random power cuts are still a major problem. Electricity transmission and distribution are still fragmented and too limited to cover the entire national territory. A programme to restructure the subsector, aimed at attracting private investment, has been in progress since 2013. The State will nevertheless retain a monopoly over transmission.

22. The inadequacy of basic infrastructure and insufficient skilled labour are still dampening the dynamism of industrial activity. Angola remains a net importer of manufactures, mainly consisting of machinery and rolling stock, non-electrical machinery and other semi-finished goods. The considerable growth and diversification potential of Angola's manufacturing sector would be better harnessed through more effective use of the available resources and stronger links with other sectors of the economy, particularly agriculture and the extractive industries.

23. Angola has four fixed telephony and two mobile telephony providers. The share of fixed telephony is negligible, while mobile telephony is booming. The historical operator Angola Telecom is still 100% government-owned and has been recapitalized under a plan granting it autonomous management. It is being outperformed on the mobile telephony market by a private operator with majority Angolan capital. There are plans to award a third mobile licence. The regulatory framework was recently overhauled and is largely liberalized. The wireless local loop, cable modems, fixed wireless broadband and international gateways are nonetheless still subject to a monopoly.

24. Banking services are one of the three sectors, along with tourism and recreational, cultural, and sporting services, in which Angola has undertaken commitments under the GATS. With the restoration of civil peace and the ensuing oil boom, Angola's banking system expanded vigorously and today ranks third in sub-Saharan Africa. Similarly, from a handful of state-owned banks, the number of banks in the market has now reached 24, of which only three are government banks; the others belong either to local private interests or, in the case of nine of them, to foreign interests. The country is still largely underbanked, and lending is mainly short-term, at relatively high interest rates. Foreign banks are not allowed to establish subsidiaries in Angola. Since the 2009-2012 crisis, the central bank has undertaken extensive regulation to remedy the structural weaknesses in Angola's banking system and align it with international standards.

25. In 2000, Angola began deregulating its insurance sector, which has since expanded from a single state-owned insurer (ENSA) to 17 insurance companies, most of them private, in 2014. The sector is still fairly concentrated, with the three leading insurance companies accounting for a market share of 83% (ENSA (38%), AAA Seguros (23%) and GA Seguros (21%)) in 2014. The sector's penetration rate is still a very low (0.8%), which would suggest that there is enormous scope for development. Insurance companies must take the legal form of limited companies and at least 30% of the capital must be domestic. In essence, the pension funds manage the retirement savings of employees of the large industrial companies operating in Angola, particularly but not exclusively in the oil sector.

26. The bulk of the containers imported and oil products exported are carried by foreign shipowners under third-party flags, even though there is a complex cargo-sharing scheme designed to promote the Angolan flag. In practice, interested foreign shipowners must register with Angola's National Shippers' Council, which delivers a cargo tracking note against payment of a fee. The container terminals at two of Angola's six main ports are run under a 20-year concession by a private Angolan-Danish company. Traffic has risen substantially, although it is hampered by problems relating to infrastructure, costs and customs clearance times.

27. As pertains to air transport, TAAG Angola Airlines is still fully state-owned but has signed a ten-year management agreement with Emirates Airlines. By and large, the air transport agreements signed by Angola resemble the relatively restrictive "Bermuda 2" model. The principal airports are managed by a state-owned company, but some airport services have been contracted out. A new international airport is being built in Luanda. Self-handling and mutual assistance are not allowed, but there are third-party providers that are independent of the airport authorities and the national airline.

28. Angola's rail network is still being refurbished. An ambitious plan has been adopted with a view to interconnecting the three existing networks, linking them up with neighbouring countries, merging the three existing state-owned companies, separating the rail transport management company from the infrastructure management company and putting the operation of lines out to concession. The plan is still awaiting implementation.

29. Development of the road transport sector is hampered by ongoing infrastructure refurbishment work, and the sector is largely informal and domestic in nature. A modern regulatory framework has been adopted, involving the award of quota-free licences based on quality criteria, and road transport agreements are being negotiated with neighbouring countries.

30. Tourism development is still constrained by transport service problems (infrastructure problems in particular), the high cost of living in Angola and the remnants of the social and political crisis (such as anti-personnel mines).

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## 1 ECONOMIC ENVIRONMENT

### 1.1 Overview

1.1. Since the end of the civil war, Angola has implemented reforms aimed mainly at maintaining peace and stability, further consolidating government finances and stabilizing the macroeconomy. The country continues to face enormous challenges in its development: reducing its reliance on the oil sector and diversifying the economy; and improving its infrastructure, governance, public finance management system and human development indicators.

1.2. Angola is sub-Saharan Africa's second largest crude oil producer after Nigeria, and had a per capita income estimated at US\$5,706 in 2012 compared to less than US\$1,000 in 2001. The national economy relies heavily on oil, which accounts for 47% of gross domestic product (GDP) (Table 1.1), over 95% of its exports and nearly 75% of government revenue. The economy's oil dependence has intensified over the last few years, with production rising from 800,000 barrels per day in 2003 to 1.7 million in 2013.

1.3. Given the oil sector's major contribution both to the budget and to the country's foreign exchange reserves, the sector's performance and the management of its revenues have been at the heart of the national economy's evolution over the years. The Government plays a leading role in the sector, through the state oil company Sonangol, which is responsible for all oil operations in Angola. Oil drilling is controlled jointly by foreign multinationals and Sonangol (Section 4.2.1).

1.4. Following the 2008 crisis, the Government placed the accent firmly on diversifying the economy, and on supporting the development of agriculture and agribusiness, fishing, tourism and manufacturing. This essentially involves exploiting Angola's immense potentials. For example, mining, including diamonds, only represents about 1% of GDP, yet Angola is Africa's second largest diamond producer after Botswana, in volume terms.

1.5. Highly fertile soils and abundant water resources make agriculture a potentially important activity for Angola, which currently accounts for about 5% of GDP and, according to the World Bank, provides over half of the country's jobs.<sup>1</sup> Before independence, Angola was self-sufficient in food; and, while this is not the case now, investment in agribusiness is expanding vigorously. Growth in the manufacturing sector, which contributes around 4% of GDP, has been driven by the wood, cement and electrical equipment industries. Most industrial activities take place in the capital, Luanda, which has just under one third of the country's total population. Services have been developing rapidly and currently generate 22% of GDP and 39% of all jobs.

1.6. Angola has made reasonable progress in terms of poverty reduction<sup>2</sup>, health and primary education. Nonetheless, in terms of the Human Development Index (HDI) calculated by the United Nations Development Programme (UNDP), it was still ranked a very low 149<sup>th</sup> out of 187 countries in 2014. According to the World Bank, despite progress in reducing the poverty rate from 62% in 2001 to 37% in 2009, unemployment remains high at around 25%. Moreover, the infant mortality rate was one of the ten highest among 221 countries in 2012, at 84 per 1,000 live births; but in the same year, life expectancy rose to 51.5 years, reflecting a steady improvement over the last decade.

1.7. The Government is also determined to speed up progress towards attaining the Millennium Development Goals (MDGs); and the National Poverty Eradication Strategy for 2010-2015 defines priorities and plans of action to that end. The Government has put an institutional framework in place for the development of entrepreneurship and job creation; and it is currently working on a social assistance strategy to set up a system to support extremely poor and vulnerable population groups.

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<sup>1</sup> World Bank (2013).

<sup>2</sup> While poverty in Angola has indeed declined, inequality levels remain very high, as evidenced by a Gini coefficient of 0.55; see World Bank (2013), p. 4.

**Table 1.1 Basic economic indicators, 2007-2014**

	2007	2008	2009	2010	2011	2012	2013	2014
<b>Miscellaneous</b>								
Nominal GDP (AOA billion)	4,637	6,316	5,989	7,580	9,780	11,011	11,984	12,917
Nominal GDP (US\$ billion)	60.4	84.2	75.5	82.5	104.1	115.3	124.2	131.4
Growth rate of GDP (% per year)	22.6	13.8	2.4	3.4	3.9	5.2	6.8	3.9
Oil sector	..	..	-5.1	-3.0	-5.4	4.5	-1.1	..
Non-oil sector	..	..	8.1	7.6	9.5	5.5	10.8	..
Population (million)	17.7	18.3	18.9	19.5	20.2	20.8	21.5	22.1
Inflation (CPI, variation %)	12.2	12.5	13.7	14.5	13.5	10.3	8.8	7.3
<b>National accounts at current prices (% of GDP)</b>								
Government final consumption	15.5	16.8	19.2	17.4	18.6	18.2	26.1	..
Private final consumption	31.0	28.8	39.7	34.5	31.7	31.8	29.6	..
Gross fixed capital formation	25.7	30.8	42.0	29.0	28.2	29.5	23.7	..
Variation in stocks	..	..	..	..	..	..	..	..
Exports of goods and services	67.9	72.5	63.7	61.9	61.2	57.1	48.6	..
Imports of goods and services	40.2	48.9	64.6	42.8	39.6	36.6	28.0	..
<b>GDP by economic activity at factor cost at current prices</b>								
Agriculture, hunting, forestry and fishing	5.2	4.9	6.4	6.0	5.4	5.2	5.4	..
Mining and quarrying	49.6	50.7	39.7	44.4	48.7	45.9	39.4	..
Manufacturing	3.4	3.5	3.7	4.0	3.9	4.0	4.1	..
Electricity, gas and water	1.1	0.6	1.1	0.8	0.8	0.8	0.7	..
Construction and public works	7.4	6.7	8.2	8.8	7.8	10.2	10.4	..
Wholesale and retail trade, restaurants and hotels	9.4	9.0	9.9	8.7	7.0	7.0	7.1	..
Banking, insurance and real estate services	6.0	5.5	7.4	6.1	4.9	5.1	5.5	..
Transport and communications	3.4	4.0	4.8	4.2	4.4	4.4	4.4	..
Public administration and defence	8.9	9.6	13.5	10.7	12.1	12.0	17.6	..
Other services	6.8	6.9	7.3	7.7	6.5	6.7	7.4	..
Less financial intermediation services	-1.0	-1.4	-2.0	-1.5	-1.5	-1.2	-1.9	..
<b>Government finances (% of GDP)<sup>a</sup></b>								
Total revenue	..	..	34.5	43.5	48.8	45.9	41.0	..
Of which:								
Oil sector	..	..	24.2	33.0	39.0	37.3	30.0	..
Non-oil sector	..	..	9.0	7.8	7.3	6.6	8.1	..
Total expenses	..	..	41.9	40.0	40.2	41.3	40.7	..
Current expenses	..	..	29.5	28.6	30.0	29.0	28.7	..
Capital expenses	..	..	12.4	11.4	10.2	12.3	12.0	..
Overall balance	..	..	-7.4	3.4	8.7	4.6	0.3	..
<b>External sector</b>								
Exchange rate (AOA/US\$)	76.7	75.0	79.3	91.9	93.9	95.5	96.5	98.3
Real effective exchange rate (period average; Index 2000=100) <sup>b</sup>	200.1	221.5	249.4	235.1	242.4	268.2	285.6	298.1
Current account (% of GDP)	17.5	8.5	-10.0	9.1	12.6	12.0	6.7	-1.5
Gross reserves in months of imports of goods and services	5.1	5.0	3.8	6.6	7.8	8.6	8.1	6.5
Public debt (% of GDP) <sup>a</sup>	25.0	34.1	36.7	37.8	32.2	29.8	33.7	36.1
Foreign debt (US\$ billion)	9.8	14.8	15.1	17.8	21.0	22.6	28.2	29.1
Foreign debt (% of GDP)	16.2	17.6	20.0	21.6	20.2	19.6	22.7	22.1
Domestic debt (US\$ billion)	5.3	13.9	12.6	13.4	12.5	11.8	13.7	18.3
Domestic debt (% of GDP)	8.8	16.5	16.7	16.2	12.0	10.2	11.0	13.9
<b>Oil<sup>c</sup></b>								
Exports of oil and gas (US\$ billion)	42.7	62.1	39.5	48.9	64.9	69.2	66.2	57.0
Angola oil price (average, US\$/barrel)	70.0	91.7	60.7	77.8	110.1	111.6	107.7	96.0
Brent oil price (average, US\$/barrel)	72.7	98.2	62.5	80.2	110.9	111.7	108.8	99.5

.. Not available.

a Preliminary figures for 2013.

b A rise in the index indicates an appreciation.

c Preliminary figures for 2013 and projections for 2014.

Source: Online information from the National Bank of Angola. Statistics provided by the authorities. IMF, *Country Report No. 14/274*, September 2014. African Development Bank, *African Statistical Yearbook*, October 2014 and April 2015, viewed at: <http://www.afdb.org/en/knowledge/publications/african-statistical-yearbook>. IMF, *International Financial Statistics*, viewed at: <http://elibrary-data.imf.org> [July 2015]. World Bank, *World Development Indicators*, viewed at: <http://databank.banquemondiale.org/data/views/variableSelection/selectvariables.aspx> [July 2015].

## 1.2 Recent economic trends

1.8. The ending of the civil war was followed by a vigorous economic expansion fuelled by high oil prices that boosted production and generated real GDP growth of 22.6% in 2007 (Table 1.1). The subsequent collapse of oil prices in 2008 caused a near-sixfold reduction in economic growth in a single year, with the rate plummeting from 13.8% in 2008 to 2.4% in 2009 in real terms, before staging a slow recovery to rates of 5.2% in 2012, 6.8% in 2013 and 3.9% in 2014, despite the global economic slowdown since 2008. Investment to rebuild infrastructure has enabled the non-oil private sector to outpace the oil sector in the last few years; and the drop in output volumes that followed the recent collapse in the per-barrel oil price suggests that this trend will strengthen. Recovery in the agriculture sector is slow, however, and its performance has been chaotic owing to the adverse climatic conditions that affect it, including the drought that hit a large part of the country in 2012. Today, the oil sector still dominates the economy, accounting for about 40% of GDP and absorbing the majority of foreign direct investment (FDI).

1.9. The economic growth of these last few years, in conjunction with the fall in international food prices and a relatively stable domestic currency, have made it possible to reduce inflation from over 12.5% in 2008 to 7.3% in 2014, following a peak of 14.5% in 2010. It has also been possible to accumulate gross international reserves which stood at US\$33.2 billion in late December 2013 (equivalent to around 8.1 months of imports), and to hold the foreign debt at around 22% of GDP in 2013 and 2014. The macroeconomic stabilization programme, supported by the IMF through a US\$1.4 billion Standby Arrangement, which was approved on 23 November 2009 and expired on 30 March 2012, contributed to this result. This programme sought to restore investor confidence, particularly following the 20% devaluation of the domestic currency (the kwanza). The reduction in inflation and stabilization of the kwanza and its resistance to external shocks were the focus of monetary policy. The aim was to normalize the foreign exchange market by maintaining a prudent monetary policy and strengthening the financial sector. At the end of the programme, the Government continued efforts to consolidate international reserves and reduce inflation, thereby stabilizing the kwanza, accumulating international reserves and reducing consumer price inflation from 10.3% in 2012 to 8.8% in 2013 and 7.3% in 2014 — the lowest level in 20 years. In the short term the authorities expect inflation to stay within the 7%-9% target range set by the National Bank of Angola (BNA).

1.10. On the budgetary front, excessive reliance on fiscal revenues from the oil sector (which provide over 75% of total budgetary income) exposes the country to exogenous shocks of the type that occurred in 2009. The sudden slide in oil prices, which fell by about 60% between 2008 and 2009, backdropped by an expansionary budgetary policy, turned the global budget surpluses achieved in the preceding years into a deficit of 7.4% of GDP in 2009. Here, the Standby Arrangement with the IMF enabled the Government to rationalize its macroeconomic management, particularly on the expenditure side; and the reforms in question have made it possible to achieve budget surpluses since 2010. Nonetheless, major public investment in infrastructure, combined with waning public revenues linked to the slump in oil prices and shrinking oil export volumes, have driven the budget into deficit; and the gap widened to 4.8% in 2014, according to IMF estimates. As a result of public finance consolidation, the public debt was maintained at around 36% of GDP between 2009 and 2014, with a foreign component of 22.1% of GDP compared to a domestic component of 13.9% of GDP in 2014, which is still sustainable, despite the Government's capital expenditure programme.

1.11. Unemployment rates of around 25% since 2007 and poverty rates at over 36% of the total population, concentrated mainly in rural areas, continue to pose the main challenges. As offshore oil drilling is highly capital-intensive, it has created few job opportunities; but the non-oil sectors (agriculture, fishing, construction and banking services) are not yet emerging strongly enough to take up the challenge. Currently, the key economic priorities involve speeding up reforms in the oil sector and developing infrastructure to diversify the economy, make it less hydrocarbon-dependent, and reduce glaring income disparities. To that end, Angola's medium- and long-term development strategy was set forth in the document *Vision 2025* and in the 2013-2017 National Development Plan (PND).<sup>3</sup> *Vision 2025* defined aspirations for Angola's equitable and inclusive economic development, based on its enormous resources; and the PND set the following national development priorities: macroeconomic stability; modernization of public administration and government finance management; development of entrepreneurship and the

<sup>3</sup> Ministry of Planning and Development (2012).

private sector; speeding up infrastructure development (energy, water, roads and railways); job creation and diversification of the economy; human development (education, science and technology, health, gender equality, rural development and habitat); and an improvement in the management of natural resources (agriculture, fishing, oil and mining).

### 1.3 Trade and investment

1.12. While Angola continues to record large trade surpluses, these remain prone to external shocks. The generally rising deficits on both trade in services and current transfers, and the equally large deficit on the income account, combine to curtail surpluses on the current account, which actually recorded a deficit in 2009. Angola's external performance remains exposed to exogenous shocks: the slump in oil prices and knock-on effects on oil revenues generated the current account deficit recorded in 2009, which confirms the need to diversify the economy, including exports (Table 1.2). Moreover, in the medium term, the current account surplus is expected to erode rapidly in the wake of weakening oil prices.

**Table 1.2. Balance of payments, 2007-2014**

(US\$ million)

	2007	2008	2009	2010	2011	2012	2013	2014 <sup>a</sup>
<b>Current account</b>	<b>10,581</b>	<b>7,194</b>	<b>-7,572</b>	<b>7,506</b>	<b>13,085</b>	<b>13,853</b>	<b>8,348</b>	<b>-1,951</b>
Goods	<b>30,735</b>	<b>42,932</b>	<b>18,168</b>	<b>33,928</b>	<b>47,082</b>	<b>47,376</b>	<b>41,903</b>	<b>30,583</b>
Exports, f.o.b.	44,396	63,914	40,828	50,595	67,310	71,093	68,247	59,170
Oil sector	43,003	62,457	39,803	49,351	65,591	69,716	66,902	57,642
Non-oil sector	1,393	1,457	1,025	1,243	1,719	1,377	1,344	1,528
Imports, f.o.b.	-13,661	-20,982	-22,660	-16,667	-20,228	-23,717	-26,344	-28,587
Services (net)	<b>-12,333</b>	<b>-21,810</b>	<b>-18,546</b>	<b>-17,897</b>	<b>-22,938</b>	<b>-21,339</b>	<b>-21,531</b>	<b>-21,740</b>
Income	311	329	623	857	732	780	1,316	1,319
Payments	-12,643	-22,139	-19,169	-18,754	-23,670	-22,119	-22,846	-23,059
Transport and travel	-2,717	-3,975	-4,288	-3,237	-3,810	-4,597	-4,926	-5,431
Other	-9,926	-18,164	-14,881	-15,518	-19,860	-17,522	-17,921	-17,627
Communications	-48	-88	-608	-362	-352	-455	-638	-621
Construction	-2,634	-5,007	-4,676	-4,643	-7,932	-6,230	-5,049	-4,874
Insurance	-414	-1,498	-329	-257	-193	-257	-865	-936
Financial services	-154	-537	-445	-830	-301	-46	-74	-80
Computer and information services	-23	-27	-38	-66	-46	-50	-52	-56
Royalties, trademarks and licence fees	-1	-0	-0	-6	-3	-3	-2	-2
Other commercial services	-6,350	-10,574	-8,353	-8,957	-10,251	-9,292	-9,453	-9,125
Of which: Technical assistance	-5,448	-7,592	-7,114	-6,158	-9,173	-8,908	-9,265	-8,943
Cultural and recreational services	-99	-121	-146	-156	-184	-222	-211	-228
Government n.e.s.	-202	-311	-286	-240	-597	-968	-1,577	-1,706
Income account (net)	<b>-7,599</b>	<b>-13,718</b>	<b>-6,823</b>	<b>-8,087</b>	<b>-9,697</b>	<b>-10,422</b>	<b>-9,900</b>	<b>-8,575</b>
Income	623	422	131	134	210	260	818	854
Payments	-8,222	-14,140	-6,954	-8,221	-9,907	-10,682	-10,718	-9,429
Current transfers (net)	<b>-222</b>	<b>-210</b>	<b>-370</b>	<b>-438</b>	<b>-1,362</b>	<b>-1,762</b>	<b>-2,123</b>	<b>-2,220</b>
<b>Capital and financial account</b>	<b>-5,814</b>	<b>1,298</b>	<b>2,498</b>	<b>-1,137</b>	<b>-3,979</b>	<b>-8,884</b>	<b>-8,209</b>	<b>-2,467</b>
Capital account	<b>7</b>	<b>12</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
Financial account	<b>-5,821</b>	<b>1,286</b>	<b>2,494</b>	<b>-1,137</b>	<b>-3,982</b>	<b>-8,884</b>	<b>-8,209</b>	<b>-2,467</b>
Direct investment (net)	-1,805	-891	2,199	-4,568	-5,116	-9,639	-13,164	-7,811
Inward	9,796	16,581	11,673	12,157	14,124	15,078	14,346	15,226
Outward	11,601	17,472	9,475	16,724	19,240	24,716	27,510	23,037
Other investment (net)	-4,016	2,177	295	3,430	1,135	755	4,955	5,344
<b>Errors and omissions</b>	<b>-1,641</b>	<b>-1,236</b>	<b>457</b>	<b>240</b>	<b>-17</b>	<b>-326</b>	<b>-55</b>	<b>0</b>
<b>Overall balance</b>	<b>3,126</b>	<b>7,256</b>	<b>-4,616</b>	<b>6,609</b>	<b>9,088</b>	<b>4,643</b>	<b>84</b>	<b>-4,418</b>
<b>Financing</b>	<b>-3,126</b>	<b>-7,256</b>	<b>4,616</b>	<b>-6,609</b>	<b>-9,088</b>	<b>-4,643</b>	<b>-84</b>	<b>4,418</b>

a Estimates.

Source: National Bank of Angola. Viewed at: [http://www.bna.ao/Conteudos/Artigos/lista\\_artigos\\_medias.aspx?idc=309&idsc=621&idl=1](http://www.bna.ao/Conteudos/Artigos/lista_artigos_medias.aspx?idc=309&idsc=621&idl=1). Information provided by the authorities.

1.13. Angola remains dependent on exports of crude oil: fuels accounted for 96% of the country's total foreign sales in 2013, compared to 94% in 2007. Angola is currently producing 1.8 million barrels of crude oil per day; and, according to figures for 2013, it exports 90% of this production, chiefly to China (45%), the European Union (17%), the United States (12%) and India (9%).

1.14. Angola's main imports are machinery and equipment made of metal, vehicles and transport equipment, along with food products (Chart 1.1). Europe, (particularly Portugal), along with China, the Republic of Korea and Brazil, were the main import sources in 2013 (Chart 1.2).

1.15. FDI remained at a high level (US\$15.2 billion in 2014) and was channelled mainly into the oil industry, and to a lesser extent into real estate, construction and hotels and restaurants.

#### **1.4 Economic prospects**

1.16. In 2015, the persistent weakness of per-barrel oil prices is likely to restrict economic growth to around 4.5%, well below the 6.6% rate projected before the forecast was downgraded.<sup>4</sup> The 2015 budget envisages a deficit of around 7.6% of GDP, which suggests that certain public expenses may well be cut, particularly fuel price subsidies.

1.17. The current account is set to deteriorate owing to the rapid growth of imports related to investment projects and a fall in export earnings owing to the weakening of oil prices. Having been in surplus since 2010, the external current account posted a deficit estimated at 0.8% of GDP in 2014, owing to the weakness of the per-barrel price of crude oil and production volumes.

1.18. Despite a basically favourable outlook, Angola's dependence on oil revenues and on imports of consumer goods renders its economy highly vulnerable to external shocks — hence the need for structural reforms to promote economic diversification. Growth in the medium term will depend on these structural reforms, whose aims include improving the business environment and reducing, among other things, constraints on expanding the supply of goods and services.

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<sup>4</sup> The recent Amending Finance Law bases its forecast on a hypothetical oil price of US\$40 per barrel, compared to the initial forecast of US\$81.

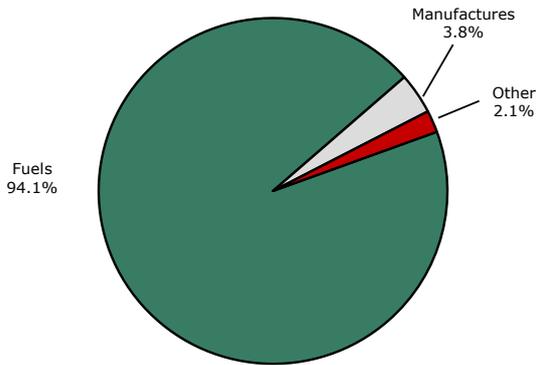
**Chart 1.1 Structure of merchandise trade, 2007 and 2013**

%

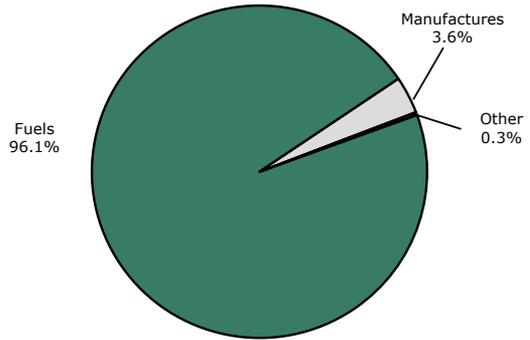
**2007**

**2013**

**(a) Exports**

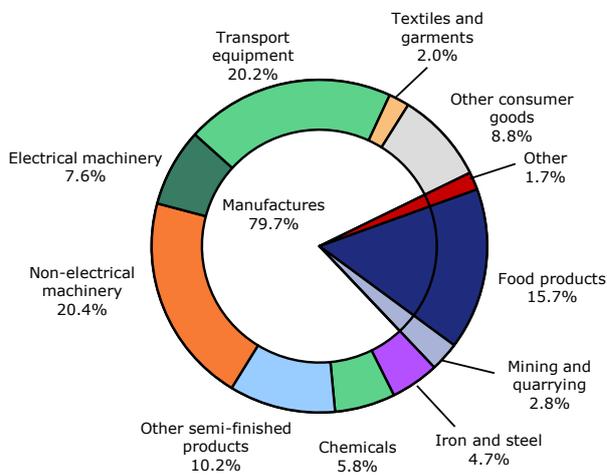


**Total: US\$41.7 billion**

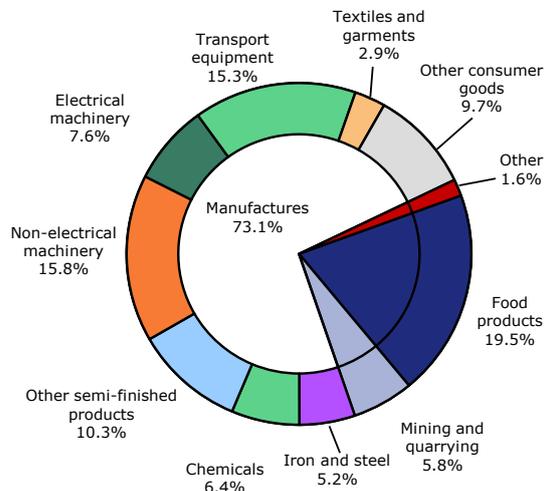


**Total: US\$71.6 billion**

**(b) Imports**



**Total: US\$12.7 billion**

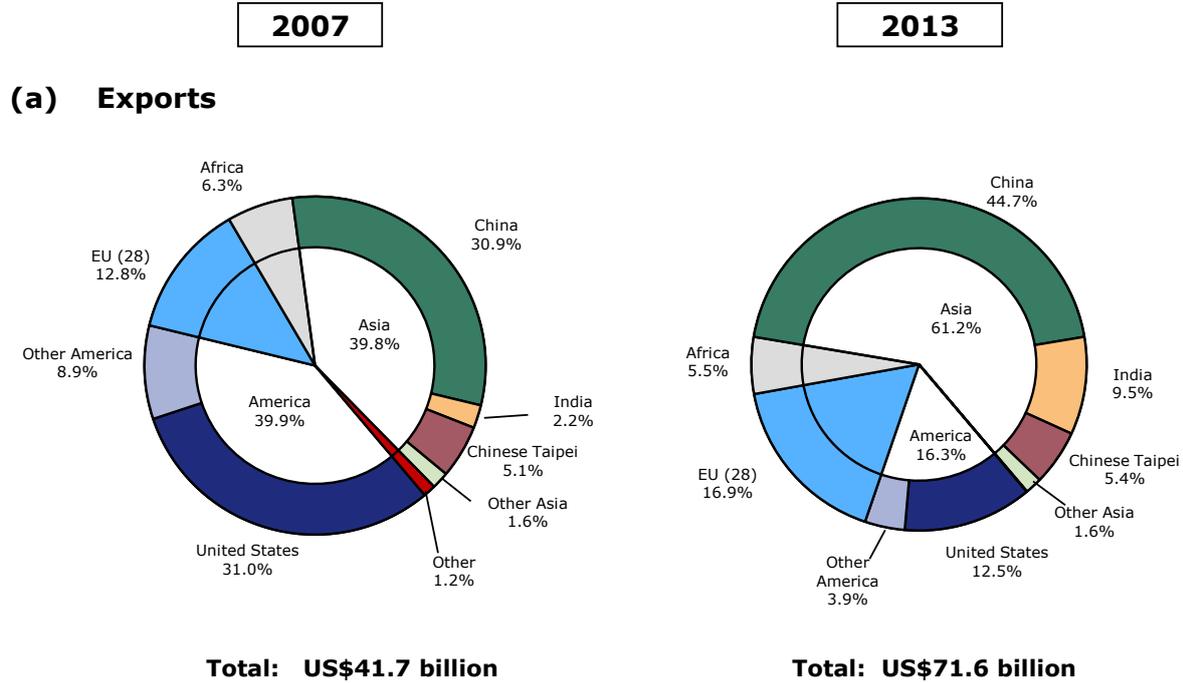


**Total: US\$22.4 billion**

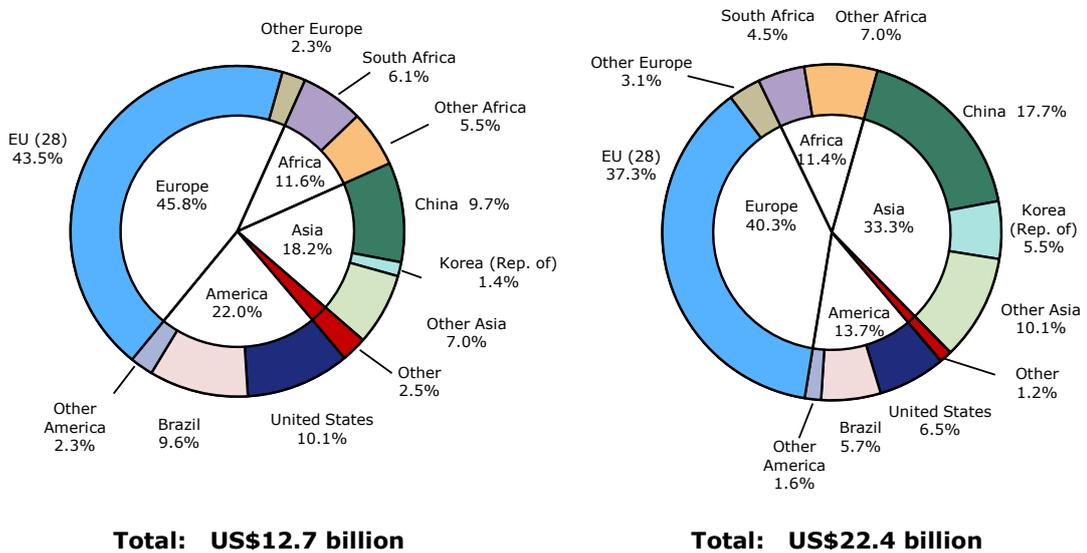
Source: WTO Secretariat calculations, based on data from the UNSD Comtrade database (SITC Rev. 3), mirror statistics.

**Chart 1.2 Direction of merchandise trade, 2007 and 2013**

%



**(b) Importations**



Source: WTO Secretariat calculations, based on data from the UNSD Comtrade database (SITC Rev. 3), mirror statistics.

## 2 TRADE AND INVESTMENT REGIME

### 2.1 General framework

2.1. A new constitution was adopted by the National Assembly on 21 January 2010.<sup>1</sup> It provides that Angola is a unitary republic with a presidential system of government. The President of the Republic is the leader of the party that came first in the legislative elections.<sup>2</sup> He is elected for a five-year term. He may not serve more than two terms<sup>3</sup>, but this limitation does not apply retroactively. The current President, who has been in office since 1979, was elected for a first term under the new Constitution, in 2012. The President is assisted by a Vice-President, elected by universal suffrage as the second candidate on the list of the party or group of parties that won the elections.<sup>4</sup> Executive power is vested in the President, who is responsible to the National Assembly. The President has power of veto over laws passed by the National Assembly.<sup>5</sup> He also has the right to initiate legislation.<sup>6</sup> His responsibilities include being Commander-in-Chief of the Armed Forces and presiding over the Council of Ministers.<sup>7</sup>

2.2. Legislative power is exercised by a unicameral body<sup>8</sup>, the National Assembly, which consists of 220 members elected by proportional representation<sup>9</sup> for a five-year term.<sup>10</sup> The first legislative elections under the new Constitution were held in 2012, and the next were scheduled for 2017. The Vice-President and serving Ministers cannot be elected as members of parliament.<sup>11</sup>

2.3. Angola's court structure is headed by four superior courts: the Constitutional Court, the Supreme Court, the Court of Auditors and the Supreme Military Court. The provincial and municipal courts operate under the aegis of the Supreme Court. Supreme Court judges are appointed by the President on the advice of the Supreme Judicial Council.<sup>12</sup> The Supreme Judicial Council is also responsible for appointing, placing, transferring and promoting judges. The Constitution provides for the possibility of creating an autonomous administrative, fiscal and customs court which would be supervised by a superior court, as well as maritime courts.<sup>13</sup> Organic Law No. 02/15 of 2 February 2015 on the organization and functioning of courts of ordinary law provides for the creation in the ordinary law courts of specialized chambers dealing with civil law, administrative law, fiscal and customs disputes, and maritime issues. This reform enables the judicial system to become specialized, whilst remaining integrated.

2.4. Angola has 18 provinces, each headed by a Governor appointed by the President. Governors are answerable to the President; their task is to ensure that local governments function properly.<sup>14</sup>

2.5. Each ministry is responsible for policy formulation in its area of competence. This means that trade policy is defined primarily by the Ministry of Trade, with the assistance of the Ministries of the Economy, Finance, Agriculture and Fisheries, Industry, Petroleum, Transport, Construction and Tourism. Various agencies operating autonomously or under these ministries also contribute to the definition and application of trade policy; they include the National Bank of Angola, the National Institute of Statistics, the General Tax Administration (*Agencia Geral Tributaria*, formed in December 2014 by the merger of the National Customs Service and the Internal Revenue Service as part of the "Executive Tax Reform Project"), the National Private Investment Agency (*Agencia Nacional para o Investimento Privado* (ANIP)), the Institute for Business Development (*Instituto do Fomento Empresarial*), the National Shippers' Council (CNC), the Angolan Industrial Property Institute (IAPI), etc.

<sup>1</sup> The full text of the Constitution, in Portuguese and in the three WTO official languages, was viewed at: <http://www.comissaoconstitucional.ao/constituicao-da-republica-de-angola.php>.

<sup>2</sup> Article 109.

<sup>3</sup> Article 113-2.

<sup>4</sup> Article 131.

<sup>5</sup> Article 124.2.

<sup>6</sup> Article 120(i).

<sup>7</sup> Articles 120(j) and 134.2.

<sup>8</sup> Article 141.2.

<sup>9</sup> Article 143.2.

<sup>10</sup> Idem.

<sup>11</sup> Article 149(b).

<sup>12</sup> Article 181.2.

<sup>13</sup> Articles 176.2 and 176.3.

<sup>14</sup> Article 201.

2.6. The private sector, including in particular the Industrial Association of Angola and the Council of Angolan Business Associations (*Conselho Das Associações Empresariais de Angola*), is also consulted on an ad hoc basis about trade policy, especially with regard to future free zones and amendments to the customs tariff. The year 2013 saw the establishment of the Community of Angolan Exporting and Internationalized Companies (*Comunidade das Empresas Exportadoras e Internacionalizadas de Angola* (CEEIA)), a partnership of 28 public and private sector enterprises which is campaigning, in particular, for the creation of an export promotion agency.

2.7. Trade policy is formulated and implemented by means of legal instruments such as laws, decrees and treaties (Table 2.1). Article 6 of the Constitution establishes the primacy of the Constitution over laws, treaties, and other acts of the State, local government and public bodies, while Article 13 provides that international law forms an integral part of the Angolan legal system. Treaties do not take precedence over domestic legislation. The President has legislative initiative<sup>15</sup>, as do members of parliament and parliamentary groups.<sup>16</sup> Draft laws are prepared by the relevant ministries, and must be approved by the Council of Ministers before they are submitted to the National Assembly. Laws are enacted by the President within 30 days of their being passed by the National Assembly.<sup>17</sup> The ratification of international agreements, including trade agreements, must be authorized by Parliament by means of laws.<sup>18</sup> The legislative domain is divided between matters on which Parliament has absolute competence to legislate and those on which it has relative legislative competence, meaning that the Executive may be given authorization to legislate.<sup>19</sup> The President may also issue four types of legal instruments that are specific to him: Presidential legislative decrees, provisional Presidential legislative decrees, ordinary Presidential decrees and Presidential orders (*despachos presidenciais*).<sup>20</sup> Provisional Presidential legislative decrees have legal force, but become invalid after 70 days unless Parliament has converted them into laws.<sup>21</sup> Ministries issue executive decrees.

**Table 2.1 Main trade related legislation, in force or under revision, July 2015**

Area	Legal instrument
General	Constitution of 21 January 2010
Organization of the courts	Organic Law No. 02/15 of 2 February 2015 on the organization and functioning of the ordinary law courts
Economic structure	Law No. 11/13 of 3 September 2013 delimiting the sectors of economic activity
Foreign trade	Joint Executive Decree No. 264/12 of 23 August 2012 on the Register of Exporters and Importers
	Joint Executive Decree No. 22/15 of 23 January 2015 imposing quotas for the import of certain products when domestic production covers over 60% of domestic consumption, and related import licences
	Joint Executive Decree No. 2/15 banning cement imports, and exemptions therefrom
	Joint Executive Decree No. 264/12 of 23 August 2012 on export licences
	Law No. 33/11 of 23 September 2011 on the taxation of mineral exports
Domestic trade	Law No. 1/07 of 14 May 2007
	Presidential Decree No. 288/10 of 30 November 2010 and Executive Decree No. 273/13 of 26 August 2013
Customs system, duties and taxes	Presidential Legislative Decree No. 10/13 of 22 November 2013 and Corrigendum No. 1/14 of 30 January 2014 on the customs tariff
	Executive Decree No. 24/03 of 22 April 2003 and Decree-Law No. 05/06 of 4 October 2005 on the requirements for practising as a customs clearing agent
	Circular No. 16/GMF/92 of 28 February 1992 on customs clearing agents' fees
	Presidential Decree No. 324/14 of 15 December 2014 on the deferred customs control mechanism
	Presidential Decree No. 63/13 of 11 June 2013 and Decree No. 41/06 of 17 July 2006 on preshipment inspection
	Executive Decree No. 5/06 of 4 October 2006 on customs valuation
	Law No. 11/04 of 12 November 2004 on exemption from duties and taxes on imports for use by the oil industry, and on oil and gas exports
	Decree-Law No. 02/08 of 4 August 2008 on consumption tax exemptions for imports, applied through the customs tariff

<sup>15</sup> Article 120(h) of the Constitution.

<sup>16</sup> Article 167.1 of the Constitution.

<sup>17</sup> Article 124 of the Constitution.

<sup>18</sup> Article 161(k) and (l) of the Constitution.

<sup>19</sup> Articles 164 and 165 of the Constitution.

<sup>20</sup> Article 125 of the Constitution.

<sup>21</sup> Article 126 of the Constitution.

Area	Legal instrument
	Law No. 31/11 of 23 September 2011 on reduced rates of customs service fees and the statistical tax
Internal taxes	Presidential Legislative Decree No. 3-A/14 of 21 October 2014 on internal exemptions from consumption tax
Health and sanitary standards and regulations	Executive Decree No. 55/08 of 17 April 2008 on the registration of companies involved in quality management
	Presidential Decree No. 275/11 of 28 October 2011 on border sanitary controls
	Circular No. 89/DPP/SNA/2013 on sanctions in the event of non-compliance with SPS standards
	Executive Decree No. 124/06 of 11 September 2006 on the entry requirements for perishable goods
Private investment	Law No. 20/11 of 20 May 2011 on private investment
	Law No. 16/03 of 25 July 2003 on voluntary arbitration
	Law No. 30/11 of 13 September 2011 on micro, small and medium-sized enterprises
Land tenure system	Law No. 9/04 of 9 November 2004 ( <i>Lei da terras de Angola</i> ) and Decree No. 58/07 of 13 July 2007 approving the general regulations on land concessions
Price regulation	Presidential Decree No. 206/11 of 29 July 2011
	Decree No. 72/97 of 24 October 1997
	Joint Executive Decree No. 33/96 of 1 July 1996
Government procurement	Law No. 20/10 ( <i>Lei da contratação pública</i> ) of 7 September 2010
	Presidential Decree No. 298/10 of 3 December 2010 establishing the Government Procurement Office
	Law No. 30/11 of 13 September 2011
	Presidential Decree No. 24/10 of 24 March 2010
State-owned enterprises	Law No. 9/95 on state-owned enterprises
Privatization	Law No. 10/94 on privatization
	Decree No. 37/09 of 13 August 2009 creating the Institute for the Public Business Sector
Public-private partnerships	Law No. 2/11 of 14 January 2011
	Resolution No. 16/01 establishing the 2001-2005 privatization programme
	Law No. 8/03 amending the Law on privatization
Agriculture	Law No. 9/04, Land Law
	Decree No. 92/04 prohibiting the import of genetically modified seed or grain
Fisheries	Law No. 13/14 of 9 January 2014 on the import of horse mackerel
	Law No. 6-A/04 of 8 October 2004
Mining	Law No. 31/11 of 23 September 2011 approving the Mining Code
	Decree No. 53/2009 of 22 September 2009 on supervision by ENDIAMA of small-scale mining operations
	Decree No. 12-B/96 of 12 May 1996 establishing a special tariff regime for mining enterprises
Petroleum	Decree No. 37/00 defining the regime applicable to the processing, distribution, transport and sale of petroleum products (amended by Joint Executive Decree No. 122/04 (Ministry of Petroleum and Ministry of the Environment))
	Law No. 10/04 on petroleum activities
	Decree No. 11/04 establishing the customs regime for petroleum activities
	Law No. 13/04 of 24 December 2004 and Presidential Legislative Decree No. 3/12 of 16 March 2012 on the taxation of petroleum activities
	Decree-Law No. 17/09 of 26 June 2009 on the contribution towards the training of Angolan staff
	Presidential Decree No. 89/13 of 19 June 2013 establishing the Angola Sovereign Wealth Fund
	Presidential Decree No. 48/11 of 9 March 2011 on Petroleum Fund receipts
	Presidential Decree No. 132/13 of 5 September 2013 concerning Sonangol Logística's exclusive import rights for petroleum products
Electric power	Presidential Decree No. 256/11 of 29 September 2011 approving the National Energy Security Policy and Strategy
	Decree No. 4/02 of 12 March 2002 on the functions of the Regulatory Institute for the Electricity Sector
	Executive Decree No. 118/06 of 14 August 2006 concerning the price of electricity
Industrial development	Resolution No. 1/98 of 10 March 1998 on Industrial Development Hubs
Postal services	Resolution No. 30/04: Master Plan for the development of postal services in Angola
Foreign exchange operations	BNA Notices Nos. 5/98, 14/03, 17/07 and 7/13 laying down the operating conditions for foreign exchange bureaus
	BNA Notices Nos. 1/99 and 10/03 and Supplementary Instructions 11/03, 4/09, 10/09, 4/10, 1/11, 4/15 and 10/15 establishing a single exchange rate
Financial regulations	Law No. 5/97 on foreign exchange operations (foreign exchange law)
	Law No. 6/97 on the National Bank of Angola
	Law No. 12/15 of 17 June 2015 on credit institutions and finance companies

Area	Legal instrument
	Central Bank Notice No. 12/2013 of 11 July 2013 on the minimum registered capital for banks
	Law No. 34/11 of 12 December 2011 on combating money laundering Securities Code of 21 April 2015
Insurance and pension funds	Decree No. 25/98 regulating pension funds
	Law No. 1/00, General Law on insurance activities
	Executive Decree No. 70/06 of 7 June 2006 on the minimum registered capital for insurance companies
	Decree No. 5/03 of 24 January 2003 on conditions of access and functioning of insurance companies
	Decree No. 6/01 on insurance and co-insurance
	Decree No. 2/02 on insurance contracts
	Decree No. 7/02 on insurance and pension fund-related infringements
	Executive Decree No. 58/02 on insurance tariffs
	Decree No. 79-A/02 on accounting principles for pension funds
	Resolution No. 2/03 on the restructuring and repositioning of ENSA
	Executive Decree No. 5/93 on conditions of access to insurance and the functioning of insurers
	Executive Decree No. 6/03 on financial guarantees
	Executive Decree No. 7/03 on insurance brokerage
	Circular No. 1/ISS/MF/03 on the requirement to provide information at regular intervals
	Order No. 9/03 establishing solvency margins for pension funds
	Executive Decree No. 16/03 of 2003 approving the operating rules for pension fund managers
	Decree No. 96/04 creating FUNSEG (Insurance Regularization Fund)
Maritime transport	Order No. 16/78 establishing the National Shippers' Council ( <i>Conselho Nacional de Carregadores</i> ) and Decree No. 67/89 approving the regulations of the Council
	Decree No. 18/94 defining a policy of cargo-sharing between national and foreign carriers under the Geneva Convention of 1974
	Executive Decree No. 47/89 approving regulatory standards for access to maritime passenger and goods transport, and a cabotage regime
	Decree No. 68/89 approving the status of forwarding agent ( <i>transitário</i> )
	Joint Executive Decree No. 68/95 regulating cargo-sharing in traffic from and to Angola
	Presidential Decree No. 143/10 of 6 July 2010 and Joint Executive Decree No. 110/15 of 13 March 2015 on cargo-sharing
Air transport	Decree No. 5/05 regulating domestic air transport
	Law No. 3/00 on civil aviation
Rail transport	Presidential Decree No. 195/10 of 2 September 2010 on railway reform Executive Decree No. 144/10 of 10 July 2010 creating the Angola National Railway Institute (INCFA)
	Presidential Decree No. 131/10 of 8 July 2010 on public service obligations
	Presidential Decree No. 147/10 of 20 July 2010 on railway-owned land
Road transport	General Law No. 20/03 of 2003 on land transport
	Presidential Decree No. 128/10 on occasional passenger transport
	Presidential Decree No. 154/10 on regular passenger transport
	Presidential Decree No. 160/10 on goods transport
Tourism	Tourism Law of 2015
	Resolution No. 7/97 of 20 June 1997 approving the national tourism policy
	Resolution No. 9/97 of 27 June 1997 approving the sectoral strategy for the hotel and tourism industries
	Decree-Law No. 66/75 of 25 June 1975 on the establishment, classification, discipline and operation of hotels and similar establishments
	Decree-Law No. 6/97 of 15 August 1997 on the use of the country's tourism resources and operation of the hotel and related industries
	Joint Executive Decree No. 94/99 of 13 August 1999 on hotel and tourism licence fees
	Joint Executive Decree No. 23/15 of 23 January 2015 on the provision of restaurant and similar services
	Decree No. 54/97 of 1 August 1997 on rules relating to the establishment and operation of travel agencies

Source: Information provided by the Angolan authorities.

2.8. Angola's trade policy seeks to diversify the country's economy towards industries other than petroleum and diamonds. Angola is pinning its hopes on the market openings that would result from the conclusion of the Doha Development Agenda. This strategy should ensure food security for the country, with a strong focus on domestic production. The intention is to achieve this by creating a favourable environment for private sector development, enhancing economic productivity and making agricultural and non-agricultural products more competitive; the diversification process will be based primarily on full exploitation of Angola's comparative advantages. This policy is expected to contribute, ultimately, to poverty reduction. It will involve,

among other things, rebuilding infrastructure and supporting certain activities, chiefly those aimed at producing fast-moving consumer goods.

2.9. The "Angola 2025" long-term development strategy document, prepared by the Ministry of Planning in 2005, sets the objective that by 2025, the rate of coverage of domestic demand by imports of goods and services should not exceed 80%. It also aims to make the country at least 75% self-sufficient in food, and an exporter of agricultural products. The strategy also calls for increasing exports of agro-industrial products, petroleum products, textiles and clothing, and forestry products, especially to countries of the region. The document recommends that this be achieved by means of a four-pronged approach of creating competitive clusters and domestic production chains; supporting import substitution; offering benefits and incentives (especially in the financial, fiscal, venture capital, entrepreneurship, research, marketing and communication areas) in order to boost exports; and an "uncompromising policy of transitional protection, with regard to the SADC Trade Protocol (see below), for sensitive and highly sensitive products".<sup>22</sup>

## 2.2 Trade agreements and arrangements

### 2.2.1 World Trade Organization

2.10. From independence in 1975 until 1994, Angola applied the provisions of the GATT 1947 on a de facto basis, pursuant to a recommendation by the Contracting Parties of 11 November 1967.<sup>23</sup> On 8 April 1994, Angola was accepted as the 122<sup>nd</sup> GATT contracting party, under Article XXVI:5(c), with rights and obligations dating from 11 November 1975.<sup>24</sup>

2.11. Angola became an original WTO Member on 23 November 1996, and has submitted its Schedules on goods and services.<sup>25</sup> By virtue of its WTO membership it is party to all the multilateral trade agreements, but it is not party to the Plurilateral Agreements on Government Procurement and on Trade in Civil Aircraft. Despite participating actively in the Trade Facilitation Agreement negotiations, to date Angola has not ratified the Agreement or notified its Category A commitments (provisions of the Agreement that the Member will implement within one year following entry into force, in the case of an LDC).

2.12. Angola grants at least MFN treatment to all its trading partners. The country has made only five notifications to the WTO since the last review of its trade policy in 2006: four under the Anti-Dumping Agreement<sup>26</sup> and one under the Agreement on Import Licensing Procedures.<sup>27</sup>

2.13. Where technical assistance is concerned, since the last review in 2006 the WTO has organized 15 national technical cooperation activities in Angola<sup>28</sup>, and has invited the country to participate in 80 regional or global activities. Angola sent a total of 47 participants to 33 of the 80 activities offered. Moreover, Angola sent 36 participants to 28 "global" technical cooperation activities (i.e., activities held in Geneva), and 48 Angolan participants attended 34 distance learning (e-learning) courses about the WTO during the review period (Table 2.2).

2.14. The technical assistance needs to which the authorities have assigned priority concern the development of legislation on trade defence (anti-dumping, countervailing and safeguard measures) and on e-commerce; application of the Customs Valuation and TRIPS Agreements;

<sup>22</sup> *Angola 2025 and Angola's Long-term National Development Strategy*, volume 2, page VII-8, points c, d, e and h.

<sup>23</sup> GATT, BISD, 15<sup>th</sup> Supplement, page 64; and GATT document L/4388.

<sup>24</sup> GATT document L/7442, Certification by the Director-General.

<sup>25</sup> Angola's goods schedule is Schedule CXXIX, approved by the WTO General Council on 31 May 1995 and annexed to the Marrakesh Protocol on 21 December 1995; its Schedule of Specific Commitments under the GATS is in document GATS/SC/115, dated 30 August 1995, and its list of MFN exemptions under the GATS is in document GATS/EL/115.

<sup>26</sup> G/ADP/N/166 of 9 January 2008, G/ADP/N/173 of 1 July 2008, G/ADP/N/1/AGO/1 of 31 October 2008 and G/ADP/N/180 of 13 January 2009.

<sup>27</sup> G/LIC/N/1/AGO/1 of 12 May 2011.

<sup>28</sup> The topics addressed were: technical barriers to trade, intellectual property and public health, status of the Doha Development Round negotiations (twice), trade and environment, notifications, trade facilitation, services, free trade areas and customs unions, intellectual property, dispute settlement, sanitary and phytosanitary measures, competition policy and reference centres (twice).

formulation and implementation of trade promotion measures; providing information and training on the WTO Agreements to technical staff and to Angola's economic operators; creation of a quality control system (law on labelling and sanitary and phytosanitary measures, laboratory equipment for implementing sanitary and phytosanitary measures); diversifying exports, vertically and horizontally; development of small and medium-sized enterprises that produce mass consumption goods from raw materials, with a heavy input of local labour and using easily assimilable technologies; putting trade information online; creation of a National Executive Secretariat for the WTO; and capacity building for the Export Promotion Agency.

**Table 2.2 Angola's participation in non-national WTO technical cooperation activities, 2007-2015**

Year	Regional activities		Global activities		Distance learning	
	Activities	Participants	Activities	Participants	Activities	Participants
2007	7	10	4	5	1	1
2008	4	4	4	4	3	5
2009	4	5	5	7	6	8
2010	9	14	5	6	5	6
2011	4	7	3	4	8	9
2012	2	3	1	1	2	2
2013	1	2	2	2	4	10
2014	2	2	4	7	4	7
2015	0	0	0	0	0	0
Total	33	47	28	36	0	48

Source: WTO Institute for Training and Technical Cooperation Database.

## 2.2.2 Regional and preferential agreements

### 2.2.2.1 African Union

2.15. Angola is a founding member of the African Union (AU).<sup>29</sup> Eventually, the AU aims to be an economic and monetary union. To this end, the African Economic Community (AEC) was founded in June 1991 under the terms of the Treaty of Abuja, which provides for the creation of an African common market in six stages spread over 34 years, i.e., up to 2025. The integration process is based on the coordination and harmonization of tariff and non-tariff measures between eight Regional Economic Communities (RECs), with a view to establishing, firstly, a continent-wide customs union, and subsequently an economic area.

2.16. Angola belongs to two of the eight RECs recognized by the AU, namely the Economic Community of Central African States (ECCAS) and the Southern African Development Community (SADC). Angola is engaged in the "Tripartite" negotiations aimed at harmonizing the rules of the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and the SADC.

2.17. Angola withdrew from COMESA in 2007. The African Union had asked countries that belonged to multiple Regional Economic Communities to select one and withdraw from the others. Angola is currently reflecting on whether to choose the SADC or ECCAS.

### 2.2.2.2 Southern African Development Community (SADC)

2.18. The SADC Trade Protocol of 1996, which entered into force in January 2000 and was amended for the first time in August 2000, was signed by Angola in March 2003. The Protocol was aimed at creating a free-trade area among the SADC member States, based on an ambitious timetable (85% of trade to be duty free in 2008, and 98% in 2012).<sup>30</sup> The free-trade area was to lead to a customs union (initially scheduled for 2010), and subsequently a common market (initially scheduled for 2015). Angola has also signed the 2007 and 2008 amendments to the Trade Protocol, clarifying certain aspects of the rules of origin and the safeguard measures,

<sup>29</sup> The Charter establishing the Organization of African Unity was signed on 25 May 1963. The Constitutive Act of the AU was adopted at the summit held in Lomé (Togo) in July 2000.

<sup>30</sup> The text of this Protocol, and of the successive amendments thereto, was viewed online, in English, at: <http://www.sadc.int/documents-publications/protocols>. The previous review, WT/TPR/S/158/Rev.1 of 3 April 2006, includes a Box providing a detailed analysis of the provisions of this Protocol (Section II(4)(iii)(b)).

and incorporating new annexes on dispute settlement and trade in sugar. However, Angola has ratified neither the Trade Protocol nor the amendments thereto.

2.19. In practice, therefore, Angola has not implemented the provisions of the Protocol or begun to dismantle its customs duties on intra-Community trade. A final decision on whether or not to do so is scheduled for 2017.

2.20. Neither has Angola signed the SADC draft Protocol on Trade in Services<sup>31</sup> - which has yet to enter into force - or participated in the negotiations on the liberalization of six priority sectors (communication services, construction services, energy-related services, financial services, tourism services and transport services), launched in April 2012 and scheduled for completion by December 2015.

2.21. Angola also signed the SADC Protocol on Finance and Investment<sup>32</sup> on 18 August 2006, and ratified it on 1 August 2008. The aim of this Protocol, which entered into force on 16 April 2010, is to harmonize the financial and investment policies of SADC members, in particular by promoting and attracting investment in the region; seeking to achieve macroeconomic stability and convergence; establishing cooperation among central banks in the areas of exchange control policies, bank supervision, anti-money laundering policy, payment and settlement systems; and facilitating the development of capital markets and stock exchanges in the region.

### 2.2.2.3 Economic Community of Central African States (ECCAS)

2.22. Angola has been a member, since 1999, of the Economic Community of Central African States (ECCAS), established on 18 October 1983. The other members are Burundi, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon, and Sao Tomé and Príncipe.

2.23. When ECCAS was established, its mission was to set up a customs union at the end of a 12-year period by, among other things, eliminating customs duties and taxes with an equivalent effect between member States; abolishing quantitative restrictions and other barriers to trade; introducing a common external tariff; and removing obstacles to the free movement of goods, services and capital and the right of establishment.

2.24. ECCAS commenced its activities in 1985 before entering a phase of inactivity starting in 1992, due to socio-political disturbances and armed conflicts in most of its member States. At a meeting held in Libreville in 1998, the Heads of State made a commitment to revitalize it. The following year, four areas of priority activity were identified: development of the capacity to maintain peace, security and stability; development of physical, economic and monetary integration; development of a culture of human integration; and establishment of an autonomous financing mechanism.

2.25. ECCAS has a preferential tariff regime, a transit regime, and its own rules of origin. Its financing mechanism is based on a levy on imports from third countries. However, the ECCAS customs union has yet to enter into effect.

### 2.2.3 Bilateral agreements and arrangements

2.26. Since the last review of its trade policy in 2006, Angola has complemented its network of bilateral trade agreements, which included 38 partners at that time<sup>33</sup>, by signing agreements with Benin (2012), the Central African Republic (2010), Equatorial Guinea (2007), the Philippines (2013), South Africa (2009), Turkey (2009) and the United States (2009).

<sup>31</sup> The text of this Protocol was viewed online, in English, at: [http://www.sadc.int/files/7313/6439/6118/Protocol\\_on\\_Trade\\_in\\_Services\\_-\\_2012\\_-\\_English.pdf](http://www.sadc.int/files/7313/6439/6118/Protocol_on_Trade_in_Services_-_2012_-_English.pdf).

<sup>32</sup> The text of this Protocol was viewed online, in English, at: [http://www.sadc.int/files/4213/5332/6872/Protocol\\_on\\_Finance\\_Investment2006.pdf](http://www.sadc.int/files/4213/5332/6872/Protocol_on_Finance_Investment2006.pdf).

<sup>33</sup> Algeria, Argentina, Brazil, Bulgaria, Cabo Verde, Cameroon, China, Democratic Republic of the Congo, Republic of the Congo, Cuba, Czech Republic, Ethiopia, Gabon, Germany, Ghana, Guinea-Bissau, Hungary, India, Israel, Democratic People's Republic of Korea, Republic of Korea, Morocco, Mozambique, Namibia, Nigeria, Poland, Portugal, Romania, Russian Federation, Sao Tomé and Príncipe, Serbia and Montenegro, Slovak Republic, Tanzania, Timor-Leste, Ukraine, Viet Nam, Zambia and Zimbabwe.

According to the authorities, these are framework or cooperation agreements which do not provide for the exchange of preferences.

## 2.2.4 Other agreements and arrangements

### 2.2.4.1 Relations with the European Union

2.27. The general framework for cooperation between Angola and the European Union was redefined by a document entitled "EU–Angola Joint Way Forward" (*caminho conjunto UE-Angola*<sup>34</sup>), signed on 23 July 2012, which provides, in particular, for ministerial-level meetings, the first of which took place in October 2014. In terms of trade relations, the European Union is the top exporter to Angola and its third largest trading partner. As an LDC, Angola benefits from the "Everything but Arms" initiative, which provides duty-free and quota-free access to the EU market for all Angolan products. Angola participated, as part of the SADC group, in the negotiations for an Economic Partnership Agreement (EPA), but did not initial the Agreement that the European Union concluded with six other SADC members in July 2014. According to the authorities, Angola will sign a future EPA and will implement it at the appropriate time. At the moment, Angola is in talks with the EU.

### 2.2.4.2 Relations with the United States

2.28. The general framework for economic and trade relations between the United States and Angola is defined by the Trade and Investment Framework Agreement (TIFA) signed by the two countries on 19 May 2009<sup>35</sup>, which provides, essentially, for consultations on investment and trade issues of common interest.

2.29. Angola has been a beneficiary of the United States' African Growth and Opportunity Act (AGOA, Public Law 106 of 18 May 2000) since 31 December 2003.<sup>36</sup> More than 7,000 tariff lines receive duty-free access under the GSP and AGOA programmes together, with AGOA accounting for around 1,800 of these. These "AGOA products" include, in particular, wine, certain components of motor vehicle engines, agricultural products, chemicals, steel, and many other products. Angola is not eligible for the various AGOA provisions for textile products. Table 2.3 below provides an overview of trade between the US and Angola and the share of US imports from Angola covered by the AGOA provisions, for the four most recent years available.

**Table 2.3. Trade between the United States and Angola, 2011-2014**

(US\$ thousand)

	2011	2012	2013	January-September 2014
US exports	1,460,717	1,449,472	1,385,431	1,494,543
US imports	13,803,348	9,601,959	8,900,353	4,171,943
AGOA-covered (including GSP-covered) imports	11,880,196	7,247,415	6,711,308	3,482,446
GSP-covered imports	303,598	628,322	710,350	769,300
AGOA-covered imports	11,576,598	6,619,092	6,000,958	2,713,146

Source: US Department of Commerce.

### 2.2.4.3 Generalized System of Preferences (GSP) and Global System of Trade Preferences (GSTP)

2.30. As a least developed country, Angola benefits generally from LDC terms under GSP schemes. The country receives GSP treatment from the European Union, the United States and Japan. The export products accorded GSP treatment are: petroleum and petroleum products (US and EU) and marine products (EU).

<sup>34</sup> The text of this document was viewed online, in English, at: [http://eeas.europa.eu/delegations/angola/documents/press\\_corner/2014/jwf\\_en.pdf](http://eeas.europa.eu/delegations/angola/documents/press_corner/2014/jwf_en.pdf).

<sup>35</sup> The full text of this Agreement was viewed online, in English, at: [http://agoa.info/images/documents/5188/US-Angola\\_TIFA\\_English.pdf](http://agoa.info/images/documents/5188/US-Angola_TIFA_English.pdf).

<sup>36</sup> The full text of this Law was viewed online, in English, at: [http://agoa.info/images/documents/2/AGOA\\_legal\\_text.pdf](http://agoa.info/images/documents/2/AGOA_legal_text.pdf).

2.31. Under the Global System of Trade Preferences among Developing Countries (GSTP), Angola has conducted negotiations with Mozambique and Cuba, but no preferences have yet been exchanged.

### 2.3 Investment regime

2.32. According to data notified to UNCTAD by the Angolan authorities<sup>37</sup> (National Private Investment Agency), in 2014 Angola was the second highest recipient of FDI inflows in the whole of Africa – up five places from the previous year, with investments totalling US\$16 billion. Nevertheless, in the same year Angola was ranked only 181<sup>st</sup> out of 189 in the World Bank's Doing Business rankings.<sup>38</sup> Table 2.4 below, compiled by ANIP<sup>39</sup>, charts the changes in Angola's rankings for the various Doing Business indicators over the past two years.

**Table 2.4. Changes in Angola's rankings for the World Bank's Doing Business indicators, 2014-2015**

Indicator	2015 ranking	2014 ranking	Change
Starting a business	174	172	-2
Dealing with construction permits	67	66	-1
Getting electricity	157	155	-2
Registering property	164	164	No change
Getting credit	180	178	-2
Protecting minority investors	94	91	-3
Paying taxes	144	143	-1
Trading across borders	167	167	No change
Enforcing contracts	187	187	No change
Resolving insolvency	189	189	No change

Source: ANIP (2015), *Política de investimento privado em Angola*.

#### 2.3.1 General investment regime

2.33. The basic law on foreign investment, applicable to private investment in general, is Law No. 20/11 of 20 May 2011.<sup>40</sup> The petroleum, gas and diamond industries, and financial institutions, are subject to special regimes under, respectively, Law No. 10/04 of 12 November 2004 on petroleum activities, the Mining Code approved by Law No. 31/11 of 23 September 2011, and Law No. 12/15 of 17 June 2015 on financial institutions.

2.34. Under Law No. 11/13 of 3 September 2013, the following sectors are closed to private investment and reserved for the Angolan State: the production, distribution and sale of military equipment, the activities of the Central Bank, ownership of ports and airports, and basic infrastructure for the national telecommunications network. For certain other sectors or activities, namely basic postal services, and local telecommunications infrastructure constituting an extension of the backbone network, the State must be majority shareholder. There is a third category of activities, covered by a "relative state reserve", which can be conducted by private companies under a concession contract signed with the Government. They are: basic sanitation; generation, transport and distribution of electricity for public consumption; collection, treatment and distribution of drinking water through fixed networks; operation of port and airport services, railway transport, and scheduled passenger air transport on domestic airlines; and telecommunications infrastructure which is not part of the national network. All other activities are open to private, including foreign, investment.

2.35. The Law of 20 May 2011 provides for equal treatment of domestic and foreign investors. Article 16.5 of the Law states that "the rights granted to private investments under this Law shall be guaranteed without prejudice to other rights deriving from agreements and conventions to which the Angolan State is party".

<sup>37</sup> Viewed at: <http://www.anip.co.ao/index.php?pag=conteudos&id-413>.

<sup>38</sup> World Bank, October 2014.

<sup>39</sup> ANIP 2015.

<sup>40</sup> The French text of this Law was viewed online at: <http://www.anip.co.ao/index.php?pag=conteudos&id=408>.

2.36. Angola has signed agreements on the promotion and reciprocal protection of investments with 13 States.<sup>41</sup> It is also party to the various United Nations conventions guaranteeing the rights of foreign investors, and is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA), which protects investors against political risk. It recognizes arbitral awards in respect of investment contracts that predate Law No. 16/03 of 25 July 2003 on voluntary arbitration. Angola is not a member of ICSID. Pursuant to Law No. 20/11 on private investment, disputes must be settled through local courts or by arbitration.

2.37. Investors are eligible for tax benefits<sup>42</sup>, customs benefits and exchange control benefits, negotiated on a case-by-case basis under a contract with the authorities, within ranges set by the Law in regard to investment size, geographical location, area of activity, impact in terms of generating or maintaining jobs in Angola, impact on innovation, foreign trade, growth, development, etc.

2.38. Priority has been assigned to the following areas of activity: agriculture and fisheries, the processing industry, rail, road, port and airport infrastructure, telecommunications and information technology, energy, water, social housing, health and education, and hotels and tourism.

2.39. Where geographical location is concerned, the national territory is divided into three development hubs or zones, and there are plans to create special economic zones and free zones. The only special economic zone currently in operation is Luanda Bengo, some 30 kilometres from the capital. The minimum investment required in order to qualify for the benefits available is US\$1 million. Consideration is being given to lowering this threshold. Table 2.5 below shows the maximum periods of exemption from the various taxes, depending on geographical location, investment size and number of jobs created.

**Table 2.5. Regional development incentives, July 2015**

Zone	Industrial tax	Capital gains tax	Property transfer tax	Criteria
Zone A: Province of Luanda, and provincial capitals of Benguela, Cabinda, Huíla and Lobito	1 to 5 years	Up to 3 years	Partial or total exemption for the acquisition of land and real estate related to a project, decided on a case-by-case basis by the Ministry of Finance	Investment of at least US\$50 million; investment generating at least 500 jobs
Zone B: Other municipalities of the provinces of Benguela, Cabinda and Huíla, and the provinces of Bengo, Kwanza Norte, Kwanza Sul, Lunda Norte, and Lunda Sul and Uíge	1 to 8 years	Up to 6 years	Partial or total exemption for the acquisition of land and real estate related to a project, decided on a case-by-case basis by the Ministry of Finance	Investment of at least US\$20 million; investment generating at least 500 jobs
Zone C: Provinces of Bié, Cunene, Huambo, Cuando Cubango, Lunda Norte, Lunda Sul, Moxico and Zaire, Namibe, and Malanje	1 to 10 years	Up to 9 years	Partial or total exemption for the acquisition of land and real estate related to a project, decided on a case-by-case basis by the Ministry of Finance	Investment of at least US\$20 million; investment generating at least 500 jobs

Source: ANIP (2015), *Política de investimento privado em Angola*.

2.40. Exceptionally, additional advantages may be granted contractually, by decision of the President, if the investment fulfils the cumulative criteria of being considered vital for economic development; is conducive to creating or maintaining at least 500 direct jobs in Angola; contributes measurably to boosting technological innovation and scientific research in the country; and leads to annual exports in excess of US\$50 million.

<sup>41</sup> Cabo Verde, Cuba, France, Germany, Guinea-Bissau, Italy, Namibia, Netherlands, Portugal, Russian Federation, Spain, Switzerland, and United Kingdom.

<sup>42</sup> Listed as follows in Article 25 of the Law: "Deductions from taxable income, deductions from taxes payable, accelerated depreciation and amortization, tax credit, exemption from/reduced rates on taxes, levies and import duties, deferred payment of taxes and other exceptional tax measures".

2.41. The proportion of the profits that may be repatriated is decided on a case-by-case basis; the decision, which is negotiated and then formalized in the investment contract, depends on the investment value, the concession period, the extent of the tax and customs incentives offered, the actual profits realized, the socio-economic impact of the investment and its effect in terms of reducing regional asymmetries, as well as the impact of repatriation on the balance of payments. The period which must elapse before such profits may be repatriated also varies according to the geographical location and size of the investment, as indicated in Table 2.6.

**Table 2.6. Schedules for the repatriation of profits**

Zone	Thresholds and schedules
Zone A	Investment of US\$1 to 10 million: from the third year Investment of US\$10 to 50 million: from the second year Investment of more than US\$50 million: from the first year
Zone B	Investment of US\$1 to 5 million: from the second year Investment of more than US\$5 million: from the first year
Zone C	Subject to negotiation

Source: ANIP (2015), *Política de investimento privado em Angola*.

2.42. Foreign investors also benefit from reduced rates of customs duties. Article 46 of the current customs tariff (Corrigendum No. 1/14 of 30 January 2014 to Presidential Legislative Decree No. 10/13 of 22 November 2013) provides for exemptions in the following four cases: goods imported in connection with public investment projects approved by the competent authorities; goods imported in connection with private investment projects worth between US\$1 and 50 million; goods imported in connection with other investment projects that qualify for duty relief; and goods imported in connection with private or public investment projects worth more than US\$50 million and recognized by Presidential decree as being of strategic importance to the national economy because they fulfil at least one of the following criteria: contribute to poverty reduction; contribute to the reduction of regional asymmetries; are conducive to creating or maintaining at least 500 direct jobs in Angola; and/or contribute to innovation and scientific research in the country (see also Section 3.1.4).

2.43. In return for these benefits, companies and enterprises formed for the purposes of private investment are required to employ Angolan staff, provide them with the necessary vocational training and offer them salaries and benefits commensurate with their qualifications. Any form of discrimination against them is prohibited. Such companies and enterprises may, in accordance with the legislation in force, employ skilled foreign personnel. They must, however, follow a rigorous plan for the training and/or qualification of Angolan technical staff, with a view to gradually filling the posts concerned with Angolan employees. The training plan must be included with the documentation to be submitted to the relevant authority for approval, and ANIP is responsible for ensuring compliance with this provision.

2.44. Where the appraisal and approval process is concerned, the Law establishes three levels of investment for investors seeking benefits. Between US\$1 and 10 million, responsibility for approval lies with ANIP, which must, however, abide by the advice of the Ministry of Finance where the granting of tax and customs concessions is concerned. Above US\$10 million the decision rests with the President of the Republic, once the application has been appraised by ANIP and examined by the Council of Ministers. However, for projects in excess of US\$50 million the President may appoint an ad hoc commission to negotiate the investment contract and inform the final decision.

2.45. Public-private partnerships (PPPs) are governed by Law No. 2/11 of 14 January 2011. They cover areas previously reserved for the State, where investment and private management under a concession regime have been deemed conducive to accelerating infrastructure development. These areas are: basic sanitation; generation, transport and distribution of electricity for public consumption; collection, treatment and distribution of drinking water through fixed networks; operation of port and airport services, railway transport, and scheduled passenger air transport on domestic airlines; and telecommunications infrastructure which is not part of the national network. These concession contracts may relate to: public works, public utilities, provision of services, uninterrupted supply, management and, in cases involving the use of a pre-existing establishment or infrastructure, collaboration. PPPs are appraised by a ministerial commission (*Comissão ministerial de avaliação de parcerias público privadas* (CMAPP)) that includes representatives of the Ministries of the Economy, Finance and Planning, prior to their approval by

the President. Investment in connection with PPPs is covered by the provisions of the Law on investment described above.

2.46. The land tenure system is governed by Law No. 9/04 of 9 November 2004 (*lei da terras de Angola*), and by Decree No. 58/07 of 13 July 2007 approving the general regulations on land concessions. Under these regulations all land holdings belong to the State, which may, however, assign the right to use land under a concession or long-term lease. The Law identifies four types of access to, and use of, land: property rights (urban land only, maximum two hectares); useful customary domain (recognition of traditional occupation and use of land by a community); useful civil domain (perpetual and transferable right to use urban or rural land, subject to payment of taxes and fees); and surface rights (for the construction or renovation of buildings, not applicable to underground resources, maximum duration 60 years).

### 2.3.2 Special investment regimes

2.47. As previously indicated, the following three areas of activity are governed by special investment regimes: petroleum activities, mining activities and financial activities.

#### 2.3.2.1 Petroleum activities

2.48. In the oil sector (Section 4.2.1), the investment regime is essentially unchanged since the previous review in 2006 and is based on Law No. 10/04 of 12 November 2004. The Law states that oil deposits are the inalienable public property of the State, and that Sonangol, the national oil company, holds all subsurface rights as the "national concessionaire".<sup>43</sup> Prospecting licences are issued by the Ministry of Petroleum, which also defines concession areas by executive decree; concessions are granted by the Government.<sup>44</sup> Exploration licences and concessions are granted for three-year periods which may, exceptionally, be extended.<sup>45</sup>

2.49. Any domestic or foreign company that wishes to engage in petroleum activities in Angola other than those covered by prospecting licences, may do so only by partnering with Sonangol.<sup>46</sup> Such partnerships, which require prior government approval, may take the form of corporations, joint-venture agreements, production-sharing contracts (PSCs) or risk service contracts (RSCs).<sup>47</sup> In principle, Sonangol's share must always exceed 50%. However, in exceptional cases the Government may authorize a lower percentage.<sup>48</sup> Sonangol's partners may, after obtaining the consent of the Ministry of Petroleum, assign all or part of their share to a third party, provided that Sonangol is given first right of refusal.<sup>49</sup> Recourse by Sonangol or its partners to third party funding for petroleum operations involving the assignment of rights over oil production is possible subject to the prior consent of the Ministry of Finance and the Ministry of Petroleum by means of a joint executive decree.<sup>50</sup> Sonangol and its partners are subject to local content requirements for the acquisition of materials, equipment, machinery and consumer goods and the provision of services, where local goods have the same content and quality as imported goods and are priced no more than 10% higher, including transport and clearance costs, or, in the case of services, where prices are no more than 10% higher than those charged by foreign companies for such services.<sup>51</sup> They are also required to recruit, assimilate and train Angolan staff for all job categories, with Angolans taking precedence over others when equally qualified and experienced.<sup>52</sup>

2.50. The tax regime applicable to the oil sector is defined by Law No. 10/04 of 12 November 2004 on petroleum activities, Law No. 13/04 of 24 December 2004 on the taxation of petroleum activities, Decree No. 11/04 establishing the customs regime for petroleum activities, Presidential Legislative Decree No. 3/12 of 16 March 2012 and Decree-Law No. 17/09

<sup>43</sup> Law No. 10/04 on petroleum activities, Articles 3, 4 and 5. The text of this Law was viewed online, in Portuguese, at: [http://www.saflii.org/ao/legis/num\\_act/ldap254.pdf](http://www.saflii.org/ao/legis/num_act/ldap254.pdf). See also Section 4.2.1 for a more detailed analysis of the petroleum sector.

<sup>44</sup> Ibid., Articles 8 and 11.

<sup>45</sup> Ibid., Article 12.

<sup>46</sup> Ibid., Article 13.

<sup>47</sup> Ibid., Article 14.

<sup>48</sup> Ibid., Article 15.

<sup>49</sup> Ibid., Article 16.

<sup>50</sup> Ibid., Article 85.

<sup>51</sup> Ibid., Article 27.

<sup>52</sup> Ibid., Article 86.

of 26 June 2009 on the contribution towards the training of Angolan staff. Law No. 13/04 of 24 December 2004 provides for a five-layered tax regime. Firstly, it introduces a "petroleum production tax" based on the value of the oil extracted. Companies partnering with Sonangol under the RSC (and the PSC) regime may deduct from the tax base, as an investment cost, up to 50% of the oil produced (Section 4.2.1). The rate applicable is 20% for the Cabinda partnership (Chevron 39.2%, Sonangol FPA 41%, Total 10%, ENI 9.8%) and 16.67% for the FS block (Sonangol FPA 80%, Somoil 15%, Sonangol P&P 5%) and FST block (Sonangol 63.67%, Chevron 16.33%, Somoil 15%, Sonangol P&P 5%) partnerships. In certain deep offshore oilfields and hard-to-access on-land oilfields, this rate may be reduced to 10%.

2.51. Secondly, Law No. 13/04 provides for a "petroleum revenue tax", which is a tax on oil companies' profits. Companies operating under the joint-equity partnership regime (i.e., joint ventures) may deduct from the tax base their petroleum production tax payments (see above) and petroleum transaction tax payments (see below). A production premium (which in practice is adjusted for production costs) and an investment premium (calculated as a fraction of historical investment costs) are also deductible. The tax rate is 67.75% for joint-equity partnerships and 50% in the case of production-sharing contracts.

2.52. Thirdly, the Law provides for a "petroleum transaction tax" on profits arising from production in the province of Cabinda, and under joint exploration arrangements with Sonangol; the rate is 70%. Fourthly, the Law stipulates a "surface area charge" levied on the size of the concession, set at US\$300 per square kilometre. Lastly, the Law establishes a specific tax regime for Sonangol, which is levied on its revenues and is set at 90%.

2.53. Presidential Legislative Decree No. 3/12 of 16 March 2012 grants oil companies that are engaged in production-sharing contracts with Sonangol a reduction, equivalent to 50% of the amount of the industrial tax, in the petroleum revenue tax. Companies partnering with Sonangol under other types of contract receive a reduction in the petroleum revenue tax equivalent to 67.5% of the amount of the industrial tax. Moreover, companies partnering with Sonangol are exempt from the obligation to pay a "signature bonus" when signing new oil contracts, and from the obligation to finance Sonangol's exploration operations and the social projects provided for under their contracts with Sonangol (Section 4).

2.54. Sonangol's associates are exempt from payment of customs duties and consumption tax, and benefit from a reduced rate of general customs service fees set at 0.1% of customs value.

### **2.3.2.2 Mining activities**

2.55. Angolan or foreign individuals and companies wishing to conduct mining operations on Angolan territory may apply for mining concession rights in accordance with the provisions of the Mining Code and the Private Investment Code (Law No. 20/11 of 20 May 2011). Applications must be accompanied by documentary proof of the applicant's integrity, technical and financial capabilities, and ability to satisfy the environmental requirements stipulated in laws and international conventions. In the case of foreign investment, proof of technical and financial capability must include information on the legal entity's experience in mining operations, a description of technical resources, a work programme, a forecast of minimum expenditure, and a copy of the balance sheets and accounts for the previous three years.<sup>53</sup> For alluvial mining concessions, the minimum investment is US\$5 million and security of US\$500,000 must be posted. Kimberlite concessions require an investment of at least US\$10 million and a security deposit of US\$1.2 million.<sup>54</sup> In both cases, a prospecting and joint-venture contract is drawn up between the National Diamond Company ENDIAMA and the investor.

2.56. In the case of industrial operations, mining rights are granted for up to 35 years in principle, including the prospecting and assessment period; at the end of that time, the mine reverts to the State. This period may be extended for one or more periods of ten years, following a duly substantiated request by the right holder.<sup>55</sup> The law requires mining companies to set aside 5% of the capital invested (in addition to the deposit required under commercial legislation), to cover the closure of the mine and the restoration of the environment.

<sup>53</sup> Mining Code (Law No. 31/11 of 23 September 2011), Article 101.

<sup>54</sup> Viewed at: <http://www.endiama.co.ao/investir/requisitos/requisitos-e-procedimentos/29>.

<sup>55</sup> Mining Code (Law No. 31/11 of 23 September 2011), Article 133.

2.57. The Mining Code also establishes the general tax regime for the mining subsector, which has four components: corporation tax (*imposto de rendimento*), capital gains tax (*imposto sobre aplicação de capitais*), royalties (*imposto sobre o valor dos recursos minerais*) and land tax (*taxa de superfície*). The corporation tax rate is generally 25% (under the previous legislation it was 35%), 5% of which goes to the local authorities.<sup>56</sup> Prospecting and exploration costs may be deducted from the tax base, and the depreciation rates for equipment are set at 20%, 25% or 33.3%, depending on the type of equipment. Companies must also set aside a provision to cover environmental restoration costs.<sup>57</sup> Dividends distributed by mining companies are subject to capital gains tax (*imposto sobre aplicação de capitais*).<sup>58</sup>

2.58. Royalties are charged on the value of the minerals extracted, or of the concentrates following processing. The value of the minerals extracted is calculated using the average price of previous sales or, where this is not possible, average international prices.<sup>59</sup> For strategic minerals, including diamonds, and for precious stones and metals, the rate is 5%; it is 4% for semi-precious stones, 3% for non-precious metallic minerals and 2% for other minerals.

2.59. Land tax is annual and is based on the area being prospected, expressed in square kilometres. For diamonds, the tax is US\$7 per km<sup>2</sup> in the first year, US\$12 in the second year, US\$20 in the third year, US\$30 in the fourth year and US\$40 in the fifth year. For other strategic minerals, the rate is US\$5 in the first year, and US\$10, US\$15, US\$25 and US\$35 the following years. If the licence is renewed, the land tax rate is double that of the fifth year.<sup>60</sup>

### 2.3.2.3 Financial activities

2.60. The conditions for foreign investment in the financial sector (see Section 4) are laid down by Law No. 12/15 of 17 June 2015, which has replaced Law No. 13/05 of 30 September 2005 on financial institutions, and by National Bank of Angola Notice No. 09/2013 of 8 July 2013. Foreign banks and non-banking institutions may open branches or establish representative offices in Angola, subject to BNA authorization.

2.61. Foreign financial establishments wishing to open branches must submit to the BNA, *inter alia*, their programme of activities and organizational structure; a certificate from their national supervisory authority stating that they are licensed and that there is no impediment to their opening a branch in Angola; evidence of sufficient technical and financial means for the type and volume of operations that they plan to undertake; projected accounts for each of the first three years of activity of the branch; a copy of their statute; and an undertaking to deposit an amount not less than that required from Angolan financial institutions to demonstrate capital adequacy. Authorization to establish a branch is given by the Council of Ministers on the advice of the BNA.

2.62. Representative offices of foreign financial establishments are listed in a special register kept by the BNA. They must be set up within three months following their registration (extendible by a further three months). They are prohibited from undertaking operations within the purview of credit establishments and from acquiring company shares or immovable property not essential to their installation and functioning.

<sup>56</sup> Ibid., Article 245.

<sup>57</sup> Ibid., Article 250.

<sup>58</sup> Ibid., Article 241.

<sup>59</sup> Ibid., Articles 254 and 255.

<sup>60</sup> Ibid., Article 261.

### 3 TRADE POLICIES AND PRACTICES

#### 3.1 Measures directly affecting imports

##### 3.1.1 Registration and procedures

3.1. Angola's system of operating permits is based on a clear distinction between domestic and foreign trade. Economic operators wishing to engage in domestic trade must be registered and obtain a business permit (*alvará comercial*) from the Ministry of Trade (MINCO)<sup>1</sup>; foreigners residing in Angola must have a large- or medium-sized business establishment and give priority to Angolan employees.<sup>2</sup> Since 2013, business persons have had to be in possession of a business permit, issued for a renewable term of five years, for each of their businesses.<sup>3</sup> Applications for permits must be accompanied by: an authenticated copy of the registration certificate for the Register of Commerce; a certificate attesting to the visit paid to the business premises/facilities; tax documents (industrial or business tax); and a photocopy of the applicant's identity document. Natural persons must also attach a copy of their police record.<sup>4</sup>

3.2. All importers and exporters operating for commercial purposes must be registered in the Register of Exporters and Importers (REI), part of the Integrated Foreign Trade Scheme (SICOEX), administered by the MINCO, and pay an annual fee of AOA 100,000.<sup>5</sup> The documents to be submitted include: a copy of the operating permit<sup>6</sup> (business, industry or public works); the articles of incorporation and the designation of the senior executives; and the identity document of a legal representative. Listing in the Register automatically gives the right to a certificate authorizing foreign trade activities (*certificado de autorização da actividade commercial externa*), renewable each year.

3.3. Since 2011, in addition to listing in the REI, importers and exporters of any goods exceeding US\$5,000 also have to obtain an import/export licence (*licença de importação/de exportação*) from the MINCO prior to any shipment. According to the authorities, this requirement is intended to combat fraud and informal foreign trade. Applications for licensing must be accompanied by the pro forma invoice and, where applicable, the certificate of origin, the sanitary/phytosanitary and quality certificates and the exclusivity certificate (products eligible for tariff exemptions) or an authorization from any other governing body/competent Ministry (Section 3.1.6). From March 2012 onwards, import, export and re-export licences have been managed electronically through the SICOEX.<sup>7</sup> After the licence has been granted by the MINCO, the National Bank of Angola (BNA) has to authorize payment of the invoice, after consulting the SICOEX.<sup>8</sup>

3.4. Goods being imported or exported through Angolan sea ports must have a cargo tracking note (*certificado de embarque*), irrespective of the origin/destination and customs regime applicable.<sup>9</sup> This document is issued in the port of loading and endorsed by representatives of Angola's National Shippers' Council (CNC) based overseas. The following documents are required for issuing the note: copy of the import/export licence (*DU provisório*) granted by the MINCO; the bill of lading; the commercial invoice; and a form showing the weight, type (tariff heading) and quantity of the goods. The CNC charges US\$100 for each note for a 20-foot container, US\$200 for

<sup>1</sup> This requirement does not apply to activities covered by special regimes, for example, trade in diamonds and petroleum products.

<sup>2</sup> Law No. 1/07 of 14 May 2007.

<sup>3</sup> The related costs vary from AOA 10,000 to 350,000 depending on the surface area and the type of business (wholesale, retail, representative office).

<sup>4</sup> Presidential Decree No. 288/10 of 30 November 2010 and Executive Decree No. 273/13 of 26 August 2013.

<sup>5</sup> Joint Executive Decree No. 264/12 of 23 August 2012.

<sup>6</sup> Operating permits (*alvará*) are granted by the competent Ministry. Business persons wishing to engage in foreign trade must hold a wholesaler's business permit (*alvará comercial comércio por grosso*), which does not give the right to retail sale on the Angolan market.

<sup>7</sup> Applying for an import licence costs AOA 1,000; export licences are free of charge, except for exports of diamonds.

<sup>8</sup> The BNA has access to the SICOEX in order to consult MINCO decisions, but cannot yet enter payment authorizations.

<sup>9</sup> Until 2013, the note was issued only for imports; since then, it has also been required for exports, with the exception of petroleum. Goods in transit are exempt.

a 40-foot container and US\$5/tonne for goods in bulk; according to the CNC, some of the revenue earned is invested in modernizing and rehabilitating Angola's transport infrastructure. Any additional administrative costs charged by the CNC's overseas representatives are not regulated. According to the authorities, the purpose of this mechanism is to collect advance information on trade flows and to control sensitive goods.

3.5. A customs declaration is required for both imported and exported goods under any customs regime, if their value exceeds 5,401 UCF (AOA 475,288)<sup>10</sup>; exemption from customs duties and taxes does not remove this obligation. The following documents are required for customs procedures: the single administrative document<sup>11</sup> (DU); the purchase invoice; the freight invoice; the bill of lading; the declaration of value<sup>12</sup>; and a copy of the tax identification number.<sup>13</sup> Several other documents have to be submitted depending on the nature and/or means of transport for the goods: a sanitary, phytosanitary and/or disinfection certificate; a laboratory analysis invoice (goods of HS chapters 2 to 23); a cargo tracking note (for goods entering by sea, as indicated above; authorization from the National Telecommunications Institute (telecommunications equipment); an exclusivity declaration (petroleum sector); an exemption notification (incentives regime); and/or the original registration document (used vehicles).

3.6. The completed declaration may only be submitted through a customs clearing agent (or forwarding agent) approved by the General Tax Administration (AGT). The related eligibility requirements include: Angolan citizenship and professional experience of two to five years (depending on the profession).<sup>14</sup> Approval is indefinite (unless a probationary period has been determined) and applies throughout Angola with no limitations on the number of clearing agents at each customs post.<sup>15</sup> No financial deposit is required for approval. The fees charged by customs clearing agents are regulated: currently, the tariff specifies a number of *ad valorem* rates (from 0.2% to 4% of the c.i.f. value) depending on the type of goods and the nature of the trade flows, with a minimum charge (AOA 5,000).<sup>16</sup> According to the authorities, these rates may be negotiated between clearing agents and their clients, and the maximum rate (4%) seldom applies.

3.7. Customs procedures have been computerized at 35 customs posts and offices, covering the main entry points for commercial imports. Since 2009, it has been possible to forward customs declarations electronically; these accounted for 83.8% of all declarations registered in 2014, compared to 42.9% in 2009. The authorities state that they do not charge fees for using the customs clearance system. Duties and taxes may only be paid through banks.

3.8. The risk management mechanism used to process customs declarations has three channels: green (clearance after a summary inspection), yellow (inspection of the documents) and red (mandatory inspection of the documents and a physical inspection). In 2014, some 35% and 29% of all customs declarations were subject to inspection of the documents and physical inspection, respectively. According to the authorities, the criteria taken into account when assessing the risks are applied uniformly at all computerized customs posts and are updated according to the results of the inspections carried out.

3.9. There is also a deferred control mechanism (up to five years after customs clearance).<sup>17</sup> The goods may only be withdrawn after the duties and taxes originally determined by the AGT have been paid; there is no guarantee mechanism for accelerated clearance. Nevertheless, operators in the oil industry, through the exclusivity declaration, may be allowed 90 working days for deferred payment of duties and taxes.

<sup>10</sup> At present, 1 UCF (*unidade de correção fiscal* [fiscal conversion unit]) = AOA 88.

<sup>11</sup> Angola applies the DU in the form approved by the Southern African Development Community (SADC): a simplified DU may be used for goods of a value of 3,501 UCF (AOA 308,888) to 5,400 UCF (AOA 475,200).

<sup>12</sup> The declaration of value is a sworn declaration and also contains information on freight and insurance costs. Insurance is not mandatory for imported goods.

<sup>13</sup> *Procedimentos Aduaneiros de Importação de Mercadorias*, viewed at: <http://www.bna.ao/uploads/%7B0ba30615-5d96-4925-a57d-1bb52024b975%7D.pdf>.

<sup>14</sup> Executive Decree No. 24/03 of 22 April 2003.

<sup>15</sup> Customs Code, Decree-Law No. 05/06 of 4 October 2005.

<sup>16</sup> Circular No. 16/GMF/92 of 28 February 1992.

<sup>17</sup> Presidential Decree No. 324/14 of 15 December 2014.

3.10. An accelerated customs clearance procedure exists for operators which regularly import large quantities of goods and have a good record (extending for over two years) of compliance with the applicable laws and regulations; the Director of the National Customs Service gives approval for such operators. This procedure provides for the submission of the customs declaration and the related substantiating documents, as well as payment of the duties and taxes applicable, prior to arrival of the goods. Importers which have not been approved are allowed to submit the customs declaration up to five days prior to arrival of the goods. An accelerated procedure (*via rápida*) is also available for goods requiring priority customs clearance because of their nature.<sup>18</sup> According to the authorities, around 11.5% of all the import declarations registered in 2014 were processed prior to arrival; in 2013, the percentage was 23.8%.

3.11. Upon written request by importers and exporters, the National Customs Service issues advance decisions regarding the tariff classification of goods. Such requests must be accompanied by: the pro forma invoice; samples; photographs or instruction manuals; sanitary, phytosanitary, fumigation and quality analysis certificates and the certificate of origin; and/or documents showing the payment of royalties. Advance decisions are valid for five years provided that no amendment to the Harmonized System nomenclature has been transposed in Angola and are issued free of charge.<sup>19</sup> According to the AGT, most customs clearance disputes concern tariff classification, customs value and the length of time in the warehouse.

3.12. According to the World Bank's *Doing Business 2015* report, the average time taken for customs clearance and technical inspection is seven days for imports, compared to five days for exports; handling at the point of entry or exit adds eight and six days, respectively.<sup>20</sup>

3.13. Angola has not yet notified the WTO of its Category A commitments under the Agreement on Trade Facilitation and has not yet ratified the Agreement. The Angolan Parliament recently approved the country's accession to the revised Kyoto Convention.

### 3.1.2 Preshipment inspection and customs valuation

3.14. Since June 2013, preshipment inspection for Angola's imports and exports has been optional.<sup>21</sup> Prior to that date, it was mandatory for certain goods (irrespective of their value), for example, animals and fish, edible animal products, milk and dairy products, coffee, sugar, alcoholic beverages, tobacco, pharmaceuticals, and motor vehicles.<sup>22</sup> Inspection fees had to be paid by importers (or exporters), which could choose between three inspection companies approved by the Ministry of Finance. Inspection at destination is still compulsory for most imported food industry products (Section 3.1.9).

3.15. The tax base for customs duty is the c.i.f. value of the goods at the point of entry. In principle, the provisions in the WTO Customs Valuation Agreement have been in force in Angola since 2006.<sup>23</sup> Angola has not made any notification to the WTO in this regard. In practice, implementation of the Agreement involves some difficulties and technical assistance is sought for this purpose.

### 3.1.3 Rules of origin and tariff preferences

3.16. In general, the non-preferential rules of origin applied by Angola have not changed since the previous review.<sup>24</sup> Origin is conferred on products wholly obtained in a single country or those

<sup>18</sup> General Tax Administration, viewed at: <http://www.alfandegas.gv.ao/procedimentos.aspx>.

<sup>19</sup> General Tax Administration, viewed at: <http://www.alfandegas.gv.ao/Files/FormulariosDPP/4NotaexplicativaClassifica%3%A7%C3%A3oPautalPr%C3%A9viaCPP.pdf>.

<sup>20</sup> World Bank, (2015), viewed at: <http://www.doingbusiness.org/data/exploreeconomies/Angola/~media/giawb/doingbusiness/documents/profiles/country/AGO.pdf>.

<sup>21</sup> Presidential Decree No. 63/13 of 11 June 2013.

<sup>22</sup> Decree No. 41/06 of 17 July 2006.

<sup>23</sup> Executive Decree No. 5/06 of 4 October 2006.

<sup>24</sup> WTO document WT/TPR/S/158/Rev.1 of 3 April 2006.

whose latest processing has been sufficient. For the latter, at least 25% of the production cost must be attributable to the country of processing.<sup>25</sup>

3.17. Angola does not yet grant tariff preferences to its trading partners.<sup>26</sup>

### 3.1.4 Customs duties

3.18. On the whole, the share of customs duties and taxes (excluding internal taxes) in the State's fiscal revenue (excluding grants) remains modest (Table 3.1). Their share of non-petroleum revenue is, however, considerably larger. Nominal earnings from customs duties on imports rose over the period 2009-2014, whereas those from export duties fell.

**Table 3.1 Taxes on international trade, 2009-2014**

	2009	2010	2011	2012	2013	2014
Fiscal revenue, excluding grants (AOA billion)	1,208.9	2,079.1	3,240.0	3,056.0	3,084.9	3,080.3
	(% of fiscal revenue)					
Import duty	8.8	4.9	3.3	3.6	4.0	5.9
Export duty	0.000601	0.000515	0.000343	0.000014	0.000039	0.000002
Customs service fee ( <i>emolumentos gerais</i> )	2.7	1.5	1.1	1.3	1.6	2.2
Statistical tax	2.9	0.2	0.2	0.2	0.2	0.2
Non-oil revenue (AOA billion)	591.27	686.77	828.44	795.99	971.10	1,238.14
	(% of non-oil revenue)					
Import duty	18.0	14.8	12.8	14.0	12.8	14.7
Export duty	0.00123	0.00156	0.00134	0.00006	0.00012	0.00001
Customs service fee ( <i>emolumentos gerais</i> )	5.5	4.6	4.3	5.0	5.0	5.5
Statistical tax	6.0	0.7	0.8	0.9	0.7	0.5

Source: General Tax Administration.

#### 3.1.4.1 Applied MFN tariff

3.19. Angola's current customs tariff is based on the 2012 version of the Harmonized Commodity Description and Coding System (HS) and came into force in 2014; all lines are *ad valorem*.<sup>27</sup> There are five tariff rates: 2%, 10%, 20%, 30% and 50%. The changes made in comparison with the tariff applicable in 2005 include elimination of the zero, 5% and 15% rates and the introduction of a ceiling rate of 50% (Chart 3.1). Customs duty on around one third of the lines has increased; the largest increases raised rates from 2% or 5% to 50%. Consequently, the simple average rates both on products as a whole and for the main subheadings have increased; at 10.9% in 2015, the overall average has increased by over three points in comparison with 2005 (Table 3.2).

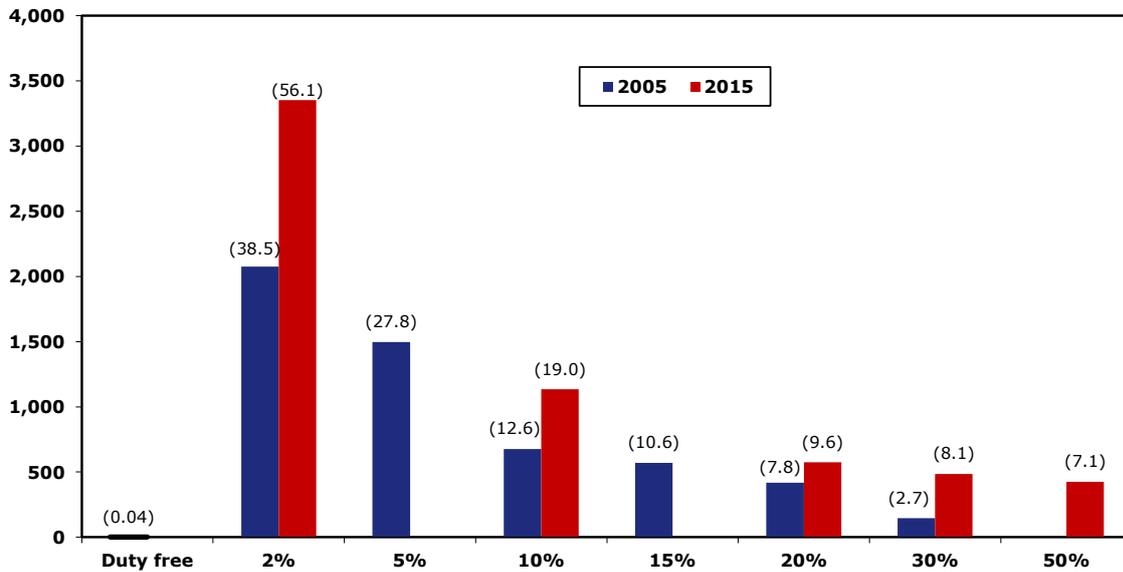
<sup>25</sup> Presidential Decree No. 10/13 of 22 November 2013 and its Corrigendum No. 1/14 of 30 January 2014, viewed at: <http://www.alfandegas.gv.ao/Files/Legislacoes/pautaaduaneira2013.pdf>.

<sup>26</sup> As enacted, the current customs tariff specifies a preferential rate (zero) for the following five lines: 1702.40.00, 1702.60.00, 1801.00.00, 5604.10.00, and 5604.90.00. The authorities have indicated that this was a typographical error and at present no preference is granted.

<sup>27</sup> Presidential Decree No. 10/13 of 22 November 2013 and its Corrigendum No. 1/14 of 30 January 2014, viewed at: <http://www.alfandegas.gv.ao/Files/Legislacoes/pautaaduaneira2013.pdf>

**Chart 3.1 Breakdown of applied MFN rates, 2005 and 2015**

Number of tariff lines



Note: The figures in brackets show the corresponding share of the total number of lines.

Source: WTO Secretariat calculations based on data provided by the authorities.

**Table 3.2 Structure of MFN tariffs, 2005 and 2015**

	2005	2015	2015 P.I. <sup>a</sup>	Bound rates <sup>b</sup>
1. Bound tariff lines (% of all tariff lines)	100.0	100.0	100.0	100.0
2. Simple average of applied MFN tariffs	7.4	10.9	10.1	59.2
Agricultural products (WTO definition)	10.0	23.3	22.6	52.7
Non-agricultural products (WTO definition)	7.0	9.1	8.2	60.1
Agriculture, hunting, forestry and fishing (ISIC 1)	10.3	23.8	22.7	55.6
Mining and quarrying (ISIC 2)	13.7	14.3	11.8	61.8
Manufacturing (ISIC 3)	7.1	10.0	9.2	59.4
3. Duty-free tariff lines (% of all tariff lines)	0.04	0.0	37.9	0.0
4. Non- <i>ad valorem</i> tariffs (% of all tariff lines)	0.0	0.0	0.0	0.0
5. Tariff quotas (% of all tariff lines)	0.0	0.0	0.0	0.0
6. Domestic tariff peaks (% of all tariff lines) <sup>c</sup>	2.7	7.1	7.1	0.0
7. International tariff peaks (% of all tariff lines) <sup>d</sup>	10.5	24.9	24.6	99.3
8. Overall standard deviation of applied rates	6.8	13.8	14.3	4.5
9. Applied "nuisance" rates (% of all tariff lines) <sup>e</sup>	38.5	56.1	19.3	0.0

a Tariff concessions under the "investment promotion" (P.I.) regime.

b The final bound rates are based on the 2015 customs tariff in the HS12 nomenclature.

c Domestic tariff peaks are duties exceeding three times the overall arithmetic average applied rate.

d International tariff peaks are rates exceeding 15%.

e "Nuisance" rates are those greater than zero but less than or equal to 2%.

Note: The current tariff omits one line (HS 847979) in the HS12 nomenclature. The 2015 tariff comprises 5,971 tariff lines (at eight digit level, except for 240 ten-digit lines, according to the HS12 nomenclature). The 2005 tariff comprises 5,384 tariff lines (at eight digit level, according to the HS02 nomenclature).

Source: WTO Secretariat calculations based on data provided by the authorities.

3.20. The average tariff of 23.3% on agricultural products (WTO definition) is over twice the 2005 level; it is also twice the 2015 average rate on non-agricultural and non-petroleum products (9.1%). Using the ISIC (Rev.2) definition, agriculture remains the most highly protected sector with an average tariff of 23.8%, followed by mining (14.3%) (Table 3.2). A breakdown of rates by HS chapter shows a general rise in levels of protection, the two exceptions being leather goods and petroleum products. Nominal protection, already relatively high, has increased for

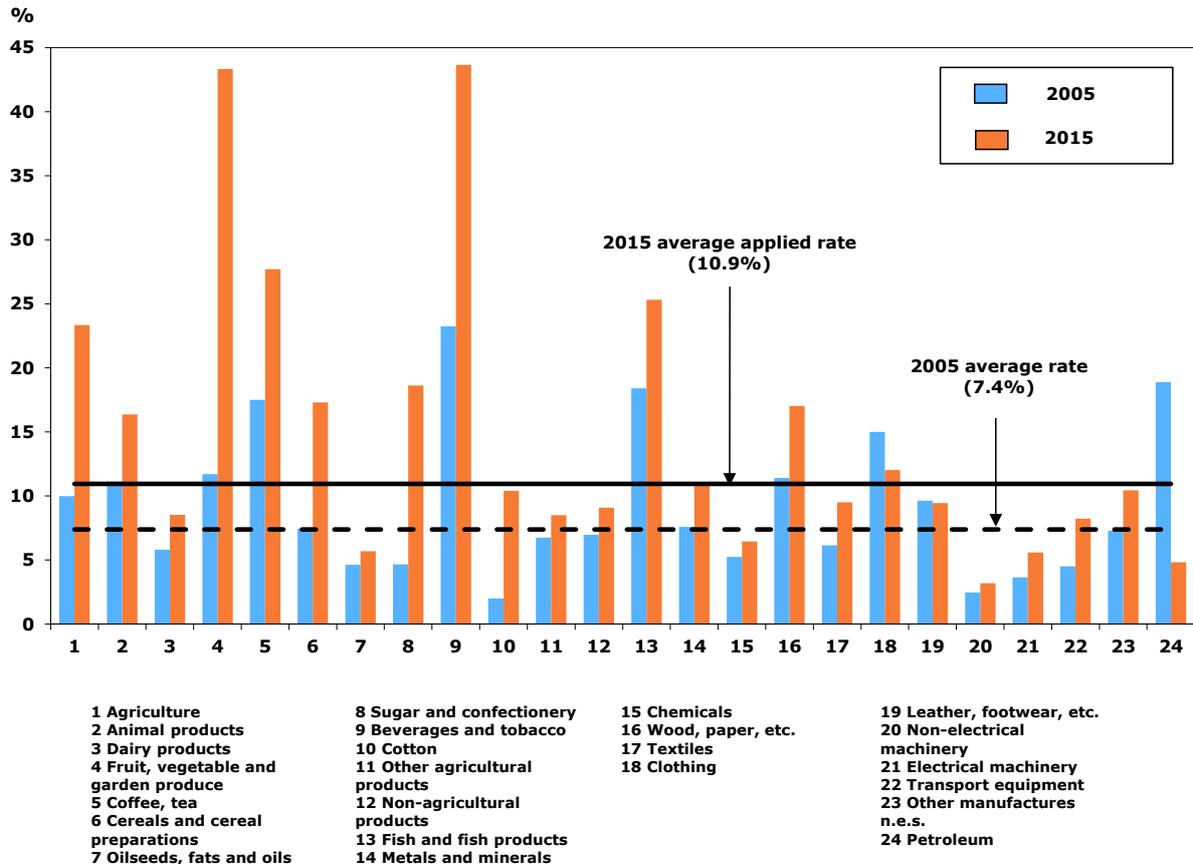
beverages and tobacco, fruit and vegetables, coffee and tea, fisheries products and agricultural products (Table 3.3 and Chart 3.2).

**Table 3.3 Summary of the MFN tariff, 2015**

	Number of lines	Simple average (%)	Range (%)	Standard deviation
<b>Total</b>	5,971	10.9	2-50	13.8
<b>Harmonized System (HS)</b>				
Chapters 1-24	936	25.0	2-50	16.9
Chapters 25-97	5,035	8.3	2-50	11.4
<b>By WTO definition</b>				
Agriculture	776	23.3	2-50	19.3
Animal products	114	16.4	2-50	11.3
Dairy produce	23	8.5	2-20	8.0
Fruit, vegetables, garden produce	212	43.3	2-50	14.8
Coffee, tea	26	27.7	10-50	14.8
Cereals and cereal preparations	106	17.3	2-30	12.1
Oilseeds, fats and oils	83	5.7	2-30	5.6
Sugar and confectionery	19	18.6	2-30	6.1
Beverages and tobacco	52	43.7	10-50	12.3
Cotton	5	10.4	2-20	5.7
Other agricultural products	136	8.5	2-50	11.4
Non-agricultural products	5,195	9.1	2-50	11.7
Fish and fish products	227	25.3	2-50	6.3
Metals and minerals	958	10.9	2-50	13.9
Chemicals	919	6.5	2-50	12.1
Wood, paper, etc.	259	17.0	2-50	15.4
Textiles	583	9.5	2-50	8.2
Clothing	218	12.0	10-30	5.9
Leather, footwear, etc.	160	9.4	2-50	13.4
Non-electrical machinery	881	3.2	2-50	5.8
Electrical machinery	297	5.6	2-50	7.0
Transport equipment	289	8.2	2-50	11.1
Other manufactures n.e.s.	392	10.5	2-50	10.6
Petroleum	12	4.8	2-20	5.4
<b>By ISIC sector<sup>a</sup></b>				
Agriculture, hunting, forestry and fishing	381	23.8	2-50	18.2
Mining and quarrying	99	14.3	2-50	16.9
Manufacturing	5,490	10.0	2-50	12.9
<b>By stage of processing</b>				
Raw materials	760	20.5	2-50	17.6
Semi-finished products	1,802	7.8	2-50	11.2
Finished products	3,409	10.5	2-50	13.2

a International Standard Industrial Classification of All Economic Activities (Rev.2), excluding electricity, gas and water (one tariff line).

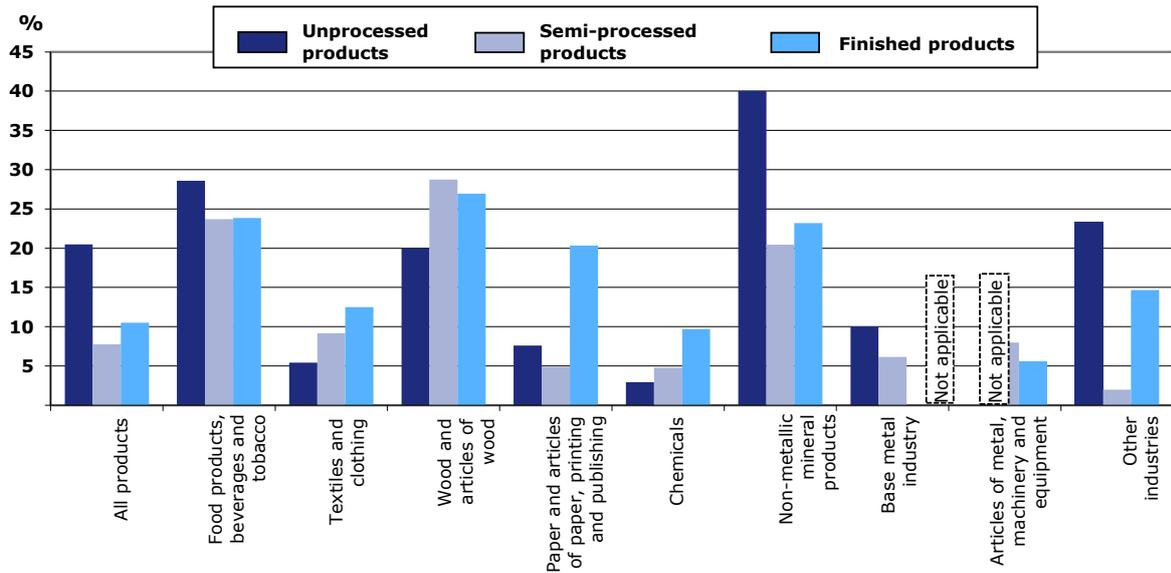
Source: WTO Secretariat calculations based on data provided by the authorities.

**Chart 3.2 Tariff protection by subsector, 2005 and 2015**

Source: WTO Secretariat estimates based on data provided by the authorities.

3.21. Overall, the tariff shows mixed escalation (Chart 3.3), highly negative from raw materials (average rate of tariff protection of 20.5%) to semi-finished products (average rate of 7.8%), and then positive for finished products (average rate of 10.5%). The textiles and clothing, chemicals, wood and articles of wood industries are the only ones not to show the general escalation curve. In general, the strong protection given to raw materials does not encourage investment in processing industries because it keeps the cost of inputs high. This tariff structure does not help to diversify economic activities by adding value at the processing stage; the tariff and tax reductions already granted under many provisions only serve to reaffirm this unsatisfactory situation. These reductions accentuate the escalation of duty and, hence, the effective protection of the activities and firms benefiting from them. In addition, the strong tariff protection given to certain finished goods does not incite the sectors concerned to enhance their international competitiveness and thus their export performance.

3.22. According to the authorities, the new tariff structure is intended to help in achieving the following strategic objectives: to encourage and protect domestic production; to attract investment; and to promote the employment of Angolans.

**Chart 3.3 Escalation of applied MFN tariffs, 2015**

Note: The product clusters are defined at the two-digit ISIC level.

Source: WTO Secretariat calculations based on data provided by the authorities.

3.23. In addition a 1% *ad valorem* surcharge applies to imports of the following: alcoholic beverages and liquids; tobacco and manufactured tobacco substitutes; watchmaking and jewellery articles; perfumery products; luxury vehicles (of an f.o.b. value of 48,600 UCF (AOA 4,276,800) or more); and sports utility vehicles (SUVs). The revenue earned from this surcharge goes into a fund for youth and sports.

#### 3.1.4.2 Bindings

3.24. Angola's bindings cover all its tariff lines. The average bound rate is 59.2% (Table 3.4). The bound rate for most agricultural products is 55%; lower rates of 10% or 15% apply to some tariff lines. Tariff bindings on non-agricultural products are generally set at a ceiling of 60%, with some products subject to a rate of 80%. Currently, the applied MFN rates exceed the bound rates, often by up to 35 percentage points, for 31 bound lines (Table 3.4).

**Table 3.4. Tariff lines for which the applied rates exceed the bound rates, 2015**

Description/Tariff line <sup>a</sup>	Applied MFN rate	Bound rate
<b>Meat and edible offal, of the poultry of heading 01.05, fresh, chilled or frozen</b>		
02074500	30	15
02075500	30	15
<b>Leguminous vegetables, shelled or unshelled, fresh or chilled</b>		
07081000	50	15
07082000	50	15
07089000	50	15
<b>Vegetables, uncooked or cooked by steaming or boiling in water, frozen</b>		
07101000	50	15
07102100	50	15
07102200	50	15
07102900	50	15
07103000	50	15
07104000	50	15
07108000	50	15
07109000	50	15
<b>Dried leguminous vegetables, shelled, whether or not skinned or split</b>		
07131000	50	15
07132000	50	15
07133100	50	15
07133200	50	15

Description/Tariff line <sup>a</sup>	Applied MFN rate	Bound rate
07133310	50	15
07133320	50	15
07133390	50	15
07133400	50	15
07133500	50	15
07133900	50	15
07134000	50	15
07135000	50	15
07136000	50	15
07139000	50	15
<b>Wheat and meslin</b>		
10011100	30	15
10011900	30	15
10019100	30	15
10019900	30	15

a Description based on the four-digit HS.

Source: WTO Secretariat calculations based on data provided by the authorities and the WTO Consolidated Tariff Schedules (CTS) database.

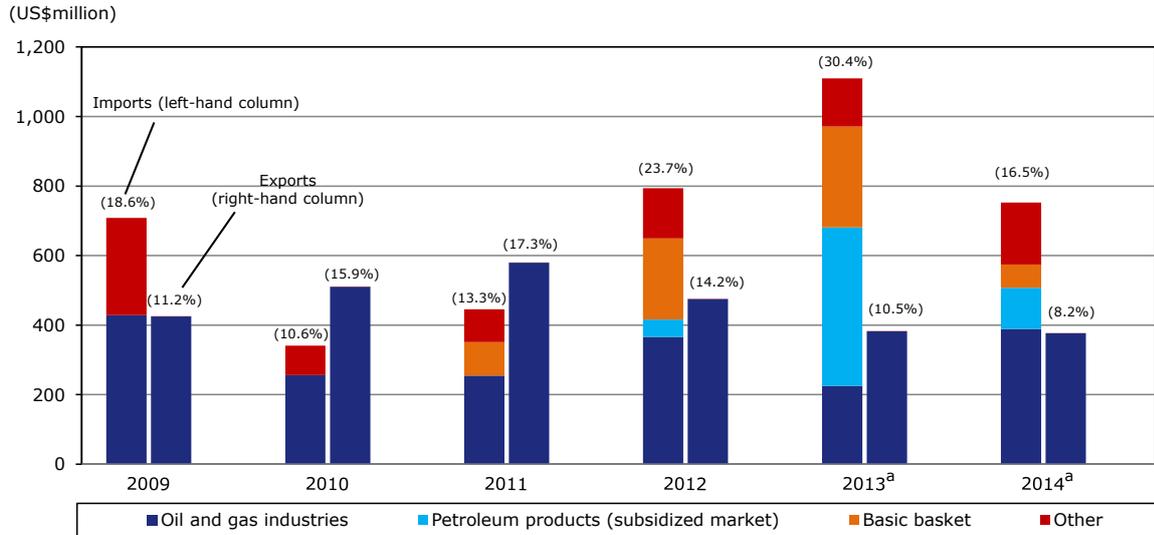
### 3.1.4.3 Tariff concessions

3.25. As regards other duties and taxes, Angola bound only one levy previously in effect, namely, an import tax of 0.1%, which has since been eliminated. Angola imposes other levies at higher rates.

3.26. Angola accords MFN treatment to all its trading partners; its accession to the Southern African Development Community Protocol on Trade did not lead to any practical measures for its implementation.

3.27. Some goods or economic operators may take advantage of reduced customs duties and consumption tax or exemption from them (Section 3.1.5); the lists of products and the eligibility requirements are set out in the customs tariff.<sup>28</sup> During the period 2009-2013, the revenue foregone as a result of these concessions for import and export duties and taxes ranged from 24.7% to 40.8% of annual customs revenue (Chart 3.4). Most of the customs duty exemptions are for imports to be used directly and exclusively by the oil and gas industries (Section 4.2.1).

<sup>28</sup> Presidential Decree No. 10/13 of 22 November 2013 and its Corrigendum No. 1/14 of 30 January 2014. Viewed at: <http://www.alfandegas.gv.ao/Files/Legislacoes/pautaaduaneira2013.pdf>.

**Chart 3.4 Duty and tax concessions, 2009-2014**

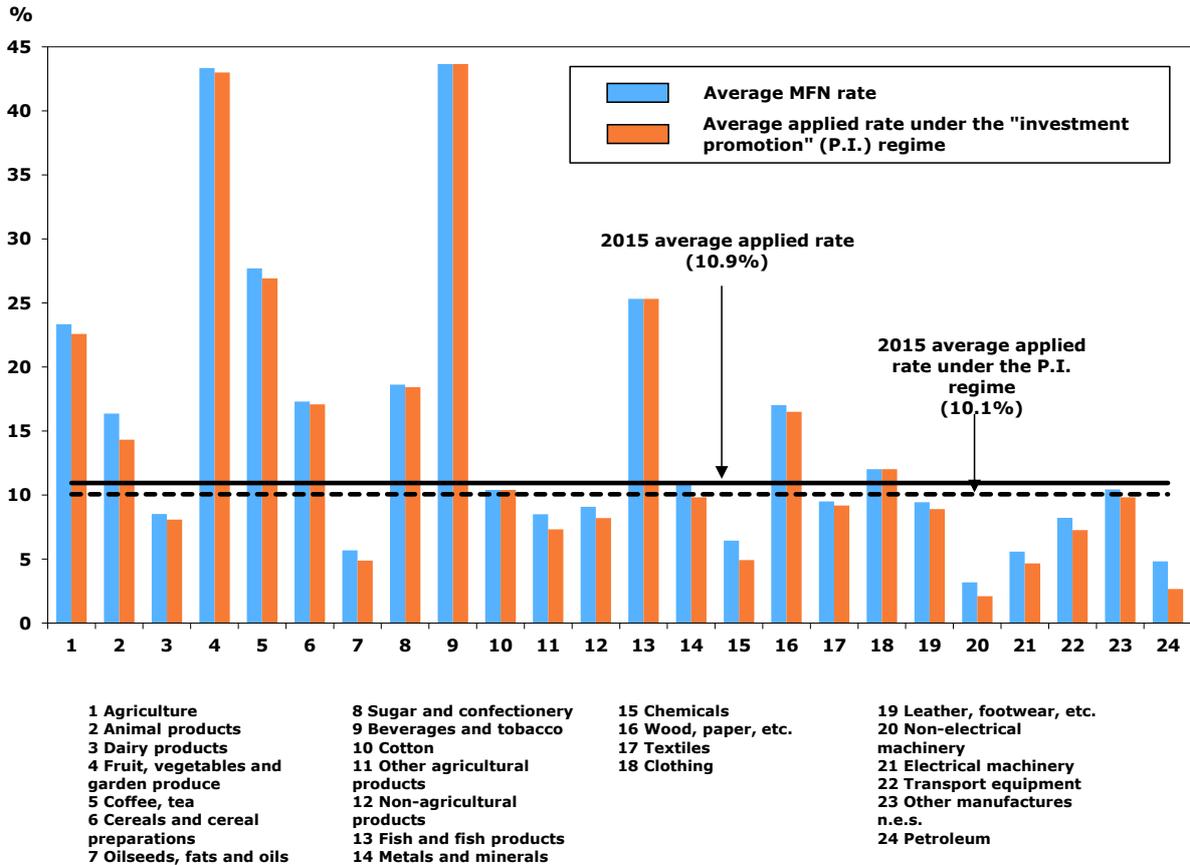
a Data provided in AOA and converted into US dollars at the annual average rate.

Note: The figures in brackets indicate the share of annual customs revenue foregone.

Source: WTO Secretariat calculations based on data provided by the authorities.

3.28. An "investment promotion" (P.I.) regime making 2,262 tariff lines duty free (37.9% of all lines, Table 3.2 and Chart 3.5) applies to importation under investment contracts approved by the Ministry of Finance (Section 2.3.1). Consumer goods considered to be essential for the basic basket are also imported free of duty and consumption tax, namely: sugar, rice, powdered milk, edible oil and 1.5 kg bars of Offenbach soap. If there are shortages in the domestic market, it may be decided to allow import quotas free of duty and consumption tax for several commodities, including: beans; wheat or maize flour; fresh mackerel, chilled or frozen; and Portland cement.

Chart 3.5 P.I. tariff concessions by subsector, 2015



Source: WTO Secretariat estimates based on data provided by the authorities.

3.29. There are also exemptions for the following imports: seeds; petroleum products for the subsidized market; imports for industrial uses (processing or production); for humanitarian or artistic purposes; or imports by defence and internal security agencies, former combatants and veterans, diplomatic missions, the National Electoral Commission, political parties represented in the National Assembly, disabled persons, state-owned enterprises (for investment or public works) or the company SONAIR.

3.30. Goods imported by companies based in Cabinda province are covered by a special customs regime which includes customs duty of 2% (1% for food industry products) and consumption tax of 2% on the f.o.b. value. This special regime does not apply to the oil industry or to importers already benefiting from tariff concessions.

### 3.1.5 Other taxes

3.31. There is also stamp duty of 1% of the c.i.f. value on imports, but exports are exempt.

3.32. Goods proceeding through customs are subject to fees (*emolumentos gerais aduaneiros*) for the customs services provided. These are calculated at a rate of 2% of the c.i.f. value upon importation; a reduced rate (0.1%), together with a statistical tax of 0.1%, applies to petroleum products and goods for direct and exclusive use of extractive industries.<sup>29</sup> Exports (rate and tax base) receive slightly different treatment (Section 3.2.2). The entry into force of the current customs tariff marked the elimination of all previous exemptions from customs service charges.

3.33. In Angola, the marketing of some imported or locally manufactured products is subject to a consumption tax. Depending on the goods, the rates for imports are 2%, 10%, 15%, 20% or 30%

<sup>29</sup> The lists of eligible goods are determined in Law No. 11/04 of 12 November 2004 and Law No. 31/11 of 23 September 2011.

of the c.i.f. value and are specified by tariff line in the customs tariff.<sup>30</sup> A large number of goods (89.8% of tariff lines) are subject to the 10% rate. The highest rates mostly apply to certain fish, alcoholic beverages and luxury goods, while the 2% rate applies to certain essential goods, medical or teaching equipment, and some inputs or machinery for industrial use. Duty-free imports are usually also exempt from the consumption tax.<sup>31</sup>

3.34. The tax base for locally manufactured products is the cost price and the rate applied is the same as that for imported goods. There is no tax on domestically produced unprocessed mining, agricultural, livestock and fisheries products.<sup>32</sup> Because of its nature, the consumption tax has a "knock-on" effect that is prejudicial for productivity and consumers. Moreover, because most of the goods marketed in Angola are imported, this tax reinforces protection at customs level. The combined rate of customs duty and consumption tax can be up to 80% on some goods (47 tariff lines), including some alcoholic beverages, tobacco products, cosmetics, leather and articles of jewellery.

### 3.1.6 Import prohibitions and restrictions and import licensing

3.35. In principle, goods that are subject to import prohibitions and controls (special regime) are listed in the customs tariff (Table 3.5)<sup>33</sup>; such measures may be imposed for reasons of security or morality, protection of public health or the environment, or for strategic reasons.

**Table 3.5 Prohibited imports, and goods subject to the special import regime, 2015**

<b>Prohibited imports</b>	
Goods infringing industrial property rights or copyright; counterfeit or imitation goods	
Animals and animal products from zones affected by epizootic diseases	
Plants from zones affected by phylloxera or other epiphytic diseases	
Distilled beverages containing essences or recognized harmful products such as byproducts of absinthe or ether	
Crates containing various types of goods and showing a single marking, not presented with a declaration indicating the quantities and total weight of the crates/packs	
Medicines and food products harmful to public health	
Food products containing saccharine	
Food products that do not meet the criteria determined in the prevailing legislation or arrive in a poor state of conservation	
Pornographic publications and other related products	
Right-hand drive vehicles or vehicles changed from right-hand to left-hand drive	
Cut-off vehicles, irrespective of the form and extent of the cut-off part; components of vehicles which do not meet the criteria for "spare parts" and "accessories"	
Second-hand vehicles over three years old (eight years for heavy duty vehicles)	
Second-hand engines for vehicles of HS Chapter 87	
Used tyres	
Metal containers used for packaging products other than mineral oils	
Used batteries	
Goods prohibited by the Montreal Protocol (CFCs)	
Goods which, because of their nature, special features, uses and similarity, may be confused with those used by defence, security and domestic order agencies	
Subversive propaganda materials	
Roulette and other gaming machines	
<b>Goods subject to the special import regime</b>	<b>Authorizing agency</b>
Animals and animal products; pet animals must be vaccinated against rabies	Ministry of Agriculture and/or Ministry of Health
Fish for aquaculture and tilapia fish	Ministry of Fisheries
Plants, roots, tubers, bulbs, shoots, flower buds, fruits and seeds, and crates/other packaging containing such products	Ministry of Agriculture
Saccharine and its byproducts	Ministry of Health
Denatured pure alcohol	Ministry of Industry
32.5 and 42.5 MPa cement (conforming to standard EN 197 CEM I) and other approved special cements	Ministry of Construction
Electricity	Ministry of Energy and Water Resources
Pharmaceuticals	Ministry of Health

<sup>30</sup> Presidential Decree No. 10/13 of 22 November 2013 and its Corrigendum No. 1/14 of 30 January 2014. Viewed at: <http://www.alfandegas.gv.ao/Files/Legislacoes/pautaaduaneira2013.pdf>.

<sup>31</sup> Since 2008, consumption tax exemptions have been automatically applied through the customs tariff (Decree-Law No. 02/08 of 4 August 2008).

<sup>32</sup> Presidential Legislative Decree No. 3-A/14 of 21 October 2014.

<sup>33</sup> Presidential Decree No. 10/13 of 22 November 2013 and its Corrigendum No. 1/14 of 30 January 2014. Viewed at: <http://www.alfandegas.gv.ao/Files/Legislacoes/pautaaduaneira2013.pdf>.

Poisons and toxic substances, narcotics	Ministry of Agriculture, Ministry of Industry, or Ministry of Health (depending on the case)
Medicines whose active ingredients are not mentioned on the packaging	Ministry of Health
Explosives and fireworks	Ministry of the Interior
Cigarette paper and other materials used for cigarette filters (imported only by approved manufacturers)	Ministry of Industry
Foreign currency, cheque books, certificates for shares, bonds or similar securities	National Bank of Angola
Equipment for distilling spirits	Ministry of Industry
Rough, polished or faceted diamonds	Ministry of Geology and Mining
Radio transmitters and receivers and their accessories	Ministry of Telecommunications and Information Technology
Fishing boats (small-scale, semi-industrial or industrial) and boats used specifically for transporting fish	Ministry of Fisheries
Boats of all types, except for fishing	Ministry of Transport
Arms and ammunition	Ministry of the Interior
Articles incorporating devices capable of recording sounds and pictures	Ministry of the Interior
Electric cables	Angolan Institute for Standardization and Quality (IANORQ)
Refined petroleum products for the subsidized market	Entity appointed by the Ministry of Petroleum
Goods regulated by the Montreal Protocol (tariff lines 2903.16.00, 2903.32.00, 2903.71.00, 2903.72.00, 2903.73.00, 2903.74.00, 2903.75.00, 2903.49)	Ministry of Trade and Ministry of the Environment
Fiscal or postal stamps (imported exclusively by the Angolan Government)	Ministry of Finance
Playing cards must be in sealed packets	N/A

N/A Not applicable.

Source: Presidential Decree No. 10/13 of 22 November 2013 and its Corrigendum No. 1/14 of 30 January 2014.

3.36. In 2015, restrictions were imposed on the freedom to import in Angola. Joint Executive Decree No. 22/15, adopted on 23 January 2015, provides for the imposition of quotas for the import of certain products when domestic production covers over 60% of domestic consumption (Table 3.6). These quotas are supposed to be administered by means of import licences granted subject to a number of criteria: the percentage of a company's registered capital owned by Angolans; the historical share of imports; production and financial capacity, with a view to increasing domestic production and reducing imports; and the distribution chain. Under the Decree, goods subject to a quota may only be imported under very specific conditions (mandatory inspection at destination and bulk packaging) and through clearly identified entry points; the price control regime also applies to their marketing. Trading partners raised several issues following adoption of this Decree.<sup>34</sup> In June 2015, the authorities confirmed that the Decree had not yet been implemented.

**Table 3.6 Goods subject to import quotas, 2015**

Description	Quota
Edible oil (tonnes)	334,001
Wheat flour (tonnes)	99,001
Maize flour (tonnes)	688,000
Salt (tonnes)	100,000
Rice (tonnes)	457,000
Sugar (tonnes)	367,438
Water (hectolitres)	150,000
Non-alcoholic aerated beverages (hectolitres)	200,000
Beer (hectolitres)	400,000
Juices and nectars (hectolitres)	200,000
Eggs (billions of units)	156,000
Potatoes (tonnes)	70,000
Garlic (tonnes)	14,500
Onions (tonnes)	100,000

Source: Joint Decree No. 22/15 of 23 January 2015.

<sup>34</sup> WTO document G/LIC/Q/AGO/1 of 30 March 2015.

3.37. Joint Executive Decree No. 2/15, in force since 8 January 2015, bans the import of cement throughout 2015 unless a special authorization is granted by the Cement Sector Commission. The latter, after having heard the opinion of the Angolan Cement Industry Association (AICA), determines and allocates the quotas for production/supply and ensures that the civil engineering and public works market is regularly supplied with cement. Special cements and cement for the border provinces<sup>35</sup> are exempt from this regime; nevertheless both users and provincial governments must obtain a prior authorization. The Cement Sector Commission may grant special authorizations to import cement, for up to 60% of duly substantiated needs, to businesspersons involved in "turnkey" projects. Quotas for the import of cement are allocated to domestic cement producers (actual or potential) and, on an exceptional basis, to other companies. Approved imports are subject to clearly defined requirements (pre-shipment inspection focusing on quality, bulk packaging, and justification of the costs and the distribution chain) and must pass through clearly specified entry points. The marketing of imported cement is subject to geographical limitations and to a price control mechanism exercised by the Ministry of Finance. The import of clinker required the submission of an annual import plan before 31 January 2015, to be endorsed by the Commission.

3.38. In addition, a tariff quota for horse mackerel (*peixe carapão*) was also established in 2015 (Section 4.1.2).

### 3.1.7 Anti-dumping, countervailing or safeguard measures

3.39. With the exception of a general framework contained in the decree adopting the 2014 customs tariff, Angola does not have any legislation on anti-dumping, countervailing or safeguard measures.<sup>36</sup> According to the authorities, it has never applied such measures.

### 3.1.8 Standards and other technical regulations

3.40. Angola has not notified the WTO of any technical barriers to trade, or of the designation of a national enquiry point in this regard.

3.41. The Angolan Institute for Standardization and Quality (IANORQ) coordinates the preparation and approval of Angolan standards; it also provides training and assistance on quality-related matters. Its activities cover, in principle, all areas relating to standards, quality assessment, certification and metrology. It also acts as the focal point for regional and international harmonization of standardization and related activities.

3.42. In principle, Angola's standardization covers all economic sectors. Standards are developed according to public interest, at the request of economic operators, public associations, universities, or government agencies. Draft standards are prepared by sectoral technical standardization commissions (seven in all), in conjunction with stakeholders in their respective spheres of competence; according to the authorities, however, the level of engagement by the major actors remains low. As of April 2015, 54 voluntary standards were in force in Angola.

3.43. Technical regulations may be adopted by means of an order or ministerial decree, with or without any reference to an existing (voluntary) standard. Angola has not introduced any uniform mechanism for preparing, adopting and updating technical regulations, which are not registered in any central register. The competent ministries are responsible for controlling implementation of their respective technical regulations. In practice, the lack of a centralized system causes coordination problems at several levels. No statistics are available to give an overall picture of the technical regulations in effect in Angola. The authorities state that no mutual recognition agreements on standardization and conformity assessment have been signed.

3.44. Angola has no national accreditation body; this function is in principle fulfilled by the national focal point of the Southern African Development Community Accreditation Service (SADCAS). No Angolan agency has yet been accredited with the SADCAS, however, because of the extra cost of translating the related documents. The lack of linguistic barrier has incited some

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<sup>35</sup> Annual quotas of 150,000 tonnes are given for each of the following provinces: Cunene, Cuando Cubango and Cabinda.

<sup>36</sup> Presidential Decree No. 10/13 of 22 November 2013 and its Corrigendum No. 1/14 of 30 January 2014.

Angolan operators to become accredited in Portugal or Brazil. Pending a permanent solution, since 2008 companies and individuals involved in quality management have had to be registered with the IANORQ.<sup>37</sup>

### 3.1.9 Sanitary and phytosanitary measures

3.45. The National Codex Alimentarius Committee, Codex Angola, continues to coordinate activities aimed at the adoption of sanitary and phytosanitary measures in Angola; it also acts as the focal point for regional and international harmonization of related activities.<sup>38</sup> In principle, Codex Angola's responsibilities cover all measures to ensure food safety, animal health, phytosanitary protection, sanitary protection, basic hygiene and sanitation. An SPS enquiry point has been established within the Ministry of Trade, which is also responsible for submitting relevant notifications to the WTO Committee on Sanitary and Phytosanitary Measures, although no standard or emergency measure has been notified.

3.46. Angola has not introduced a risk management scheme for the purposes of sanitary and veterinary control at the customs level. All goods of HS chapters 2 to 23 have to be tested upon import and export, irrespective of the country of origin or destination.<sup>39</sup> The company Bromangol has been given responsibility for taking samples and conducting physical-chemical and bacteriological analyses under a public concession contract signed on 20 June 2012.<sup>40</sup> The analysis fees charged by Bromangol are regulated and range from AOA 20,000 to AOA 256,140 depending on the product.<sup>41</sup> Bromangol is required to provide the results of its analyses within seven days of the taking of samples<sup>42</sup>; only goods of importers with a record of non-conformity with SPS standards are withheld until the results have been received.<sup>43</sup> According to the authorities, Bromangol's monopoly only lasted a few months. In practice, several institutions could act independently and without coordination to control the same product and to take samples upon import or export.

3.47. The import or export of animals, plants, and products of fauna and flora require prior authorization and a sanitary or phytosanitary certificate from the competent services of the Ministries of Agriculture, Health, and/or Fisheries (Section 3.1.6). Importers and exporters must also be in possession of a valid business permit.

3.48. Over the review period, Angola imposed import bans for SPS reasons. The import of bovine animals from Namibia has currently been suspended because of foot-and-mouth disease. The movement of bovine animals between the north and south of Angola has also been suspended.

3.49. Pharmaceutical products may be imported into Angola only by wholesalers in possession not only of the general import licence issued by the MINCO (Section 3.1.1) but also an import licence for the products in question issued by the Ministry of Health. Some medicines (antiretroviral or psychotropic drugs, etc.) may not be imported without a special import certificate issued by the Ministry of Health. Additional requirements apply to the customs clearance of pharmaceutical products in order to combat counterfeiting, namely: submission of a certificate of origin and quality control at destination (with a release certificate given by lot). A pharmaceutical monitoring system oversees the domestic market.

<sup>37</sup> Executive Decree No. 55/08 of 17 April 2008.

<sup>38</sup> WTO document WT/TPR/S/158/Rev.1 of 3 April 2006.

<sup>39</sup> Presidential Decree No. 275/11 of 28 October 2011.

<sup>40</sup> General Tax Administration. Viewed

at: [http://www.alfandegas.gv.ao/Files/Publicacoes/20130409042302.Inspeccao\\_laboratorial\\_de\\_Produtos\\_pelas\\_Alfandegas.pdf](http://www.alfandegas.gv.ao/Files/Publicacoes/20130409042302.Inspeccao_laboratorial_de_Produtos_pelas_Alfandegas.pdf).

<sup>41</sup> Joint Executive Decree No. 190/13 of 3 June 2013.

<sup>42</sup> The control mechanism specifies that samples must be taken within 48 hours of the goods having left the provisional warehouse, after which the importer may market the goods, unless the sample has not been taken as a result of a shortcoming on the importer's part.

<sup>43</sup> If non-conformity with SPS standards is detected for the first time, the AGT alerts the National Consumer Protection Institute (INADEC), the Fiscal Police and the National Directorate of Investigation and Inspection of Economic Activities so that the goods may be confiscated and destroyed (AGT, Circular No. 89/DPP/SNA/2013).

### 3.1.10 Packaging, marking and labelling requirements

3.50. Food and consumer products may be put on the Angolan market only if their labelling provides certain basic information in Portuguese. Labels for all food products must show: the name of the product; the list of all the ingredients (in descending order, according to their respective proportions); the sell-by and use-by dates; the quantity of the product expressed in terms of volume or weight; the degree of alcohol; the production batch; the name or corporate name and address of the manufacturer, packer or seller. Food and consumer products may not be imported into Angola if, on the date of arrival at the entry point, less than one quarter of their shelf life remains; for pharmaceuticals and cosmetics, the threshold is 50% of their shelf life, with a minimum of six months.<sup>44</sup>

## 3.2 Measures directly affecting exports

### 3.2.1 Registration and procedures

3.51. The registration formalities applicable to imports of goods for commercial purposes also apply to exports (Section 3.1.1). Applications for export licences are free of charge, except for the export of diamonds.<sup>45</sup> Since 2013, a cargo tracking note has been required for goods (except for petroleum) exported through Angola's sea ports. All exports require a detailed declaration; the conditions for using approved customs clearing agents are the same as those for imports.

### 3.2.2 Export taxes, charges and levies

3.52. Export duty is payable on some products irrespective of their country of destination (Table 3.7) and is based on the f.o.b. value. In addition, a tax of 5% of the f.o.b. value is imposed on minerals exported in the rough state.<sup>46</sup>

**Table 3.7 Export duty, 2015**

HS line	Export duty (%)
0507.10	10
4301.10	20
4301.30	20
4301.60	20
4301.80	20
4302.11	20
4302.19	20
4302.20	20
4302.30	20
4303.10	20
4303.90	20
4304.00	20
9601.10	10
9601.90	10

Source: Presidential Decree No. 10/13 of 22 November 2013 and its Corrigendum No. 1/14 of 30 January 2014.

3.53. Customs service fees (*emolumentos gerais aduaneiros*) have to be paid on goods exported at a rate of 1% of the f.o.b. value; a reduced rate (0.1%), together with a statistical tax (0.1%), applies to petroleum products and goods intended for direct and exclusive use by extractive industries (Section 3.1.6). For goods that are re-exported or in transit, the charges are 400 UCF (AOA 35,200) per declaration; a tax of 239.90 UCF (AOA 21,111) is also levied on each transshipment order.

<sup>44</sup> Executive Decree No. 124/06 of 11 September 2006.

<sup>45</sup> Joint Executive Decree No. 264/12 of 23 August 2012.

<sup>46</sup> Law No. 33/11 of 23 September 2011.

### 3.2.3 Export prohibitions and restrictions

3.54. In principle, goods subject to export prohibitions and controls (special regime) are listed in the customs tariff<sup>47</sup> (Table 3.8).

**Table 3.8 Exports prohibited and goods subject to the special export regime, 2015**

Exports prohibited
Giant sable antelope ( <i>palanca negra gigante</i> )
<i>Welwitschia mirabilis</i>
Food products that do not meet the criteria determined in the prevailing legislation or arrive in a poor state of conservation
Metal containers used for packaging products other than mineral oils
Collections that could be used for the ethnographic study of Angolan peoples, unless exported by the State
Goods bearing counterfeit manufacturers' marks, trademarks or marks of origin infringing laws or treaties in force
Scrap metal

Goods subject to the special export regime	Authorizing agency
Animals, parts of animals and animal products Products of fauna and flora, and fossils	Ministry of Agriculture Ministry of Agriculture, Ministry of the Environment, Ministry of Health and/or Ministry of Culture (depending on the case)
Minerals, under agreements concluded by the Government and the legislation in force	Ministry of Geology and Mining
Radioactive materials, devices containing such substances or producing radiation	Competent ministry (depending on the case)
Poisons, toxic substances or narcotics, or their preparations	Ministry of Health
Unprocessed wood	Ministry of Agriculture
Precious wood, precious and semi-precious stones	Ministry of Agriculture or Ministry of Geology and Mining (depending on the case)
Rough, polished or faceted diamonds	Ministry of Geology and Mining
Aircraft	National Civil Aviation Directorate (Ministry of Transport)
Fishing boats (small-scale, semi-industrial or industrial) and boats used specifically for transporting fish	Ministry of Fisheries
Boats of all types, except for fishing	Ministry of Transport
Arms, ammunition and explosives	Ministry of Defence
Weapons, articles and manuscripts of historical value	Ministry of Culture
Goods imported free of duty and other import taxes, becoming liable for such duties and taxes when sold abroad	Ministry of Finance
Forage	Ministry of Agriculture
Goods exported under the drawback regime	Ministry of Trade
Goods paid in foreign currency	National Bank of Angola
Goods subject to surcharges (alcoholic beverages, tobacco, luxury vehicles)	Ministry of Trade
Gold and silver, in powder, in ingots or in coins	National Bank of Angola, subject to authorization by the Government (Ministry of Finance)
Coins of non-precious metals	National Bank of Angola
Angolan or foreign banknotes or coins	National Bank of Angola

Source: Presidential Decree No. 10/13 of 22 November 2013 and its Corrigendum No. 1/14 of 30 January 2014.

3.55. The prohibitions on transit are usually identical to those for imports (Table 3.2); prior authorization from the National Customs Service is required for the transit of arms, ammunition or any other equipment for military use.

3.56. Goods in transit by land must be escorted; details on the cost of this service have not been provided. Depending on the fiscal risk, transit of certain goods by land requires a deposit amounting to 100% of the sum payable for import duties and taxes.

<sup>47</sup> Presidential Decree No. 10/13 of 22 November 2013 and its Corrigendum No. 1/14 of 30 January 2014. Viewed at: <http://www.alfandegas.gv.ao/Files/Legislacoes/pautaaduaneira2013.pdf>.

### 3.2.4 Export support and promotion

3.57. Angola has not made any notification to the WTO in relation to the Agreement on Subsidies and Countervailing Measures. According to the authorities, the State is not involved in export financing and does not grant any export subsidies. No free zone has yet been established. The Community of Angolan Exporting and Internationalized Companies (CEEIA), a non-profit making association set up in October 2013, is working, *inter alia*, on creating an export promotion agency. With 28 members from the public and private sectors, the CEEIA has the task of expanding Angola's exports of products and services and Angolan investment abroad through knowledge-sharing and cooperation.<sup>48</sup> Activities are reportedly under way to set up a National Export Promotion Agency (ANPEX) and to draw up an export promotion strategy.

3.58. Some goods or economic operators may be given concessions in respect of export duty and levies. Over the period 2009-2014, the main beneficiaries of export exemptions were the oil and gas industries (Chart 3.4).

## 3.3 Measures affecting production and trade

### 3.3.1 Incentives

3.59. In addition to the benefits available under the Investment Code and the Special Economic Zone (Section 2.5), Angola also gives exemptions for imports of certain inputs and specific capital goods (Section 3.1.5). Special provisions of equivalent effect apply to operators in the mining and energy sector, which are granted a waiver from the general fiscal legislation. In addition, Angola has a policy of production subsidies, notably through lower retail prices for fuel, electricity and water.

3.60. The Law on micro, small- and medium-sized enterprises, in force since 2 January 2012, provides various incentives, including tax and financial incentives, intended to boost the competitiveness of Angolan private enterprises (especially those whose capital is 75% Angolan-owned) and expand the economy's formal sector.<sup>49</sup> One of the measures taken under this Law was the *Angola Investe* programme.

### 3.3.2 Competition policy and price control

3.61. Angola has no national competition regime.

3.62. The Angolan price control scheme, amended in 2011, provides for three pricing regimes: fixed, monitored and free.<sup>50</sup> The Ministry of Finance, as the pricing authority, fixes the prices of products and services in the following categories: petroleum products; water; electricity; voice telephony; and postal services. Prices in the first three categories, deemed to be of social importance, are subsidized by the State.

3.63. The implementing regulations determining the products and services subject to the monitored pricing regime have not yet been adopted. At present, the regulations in effect limit the general expenses (*encargos gerais*) which wholesalers and retailers may add to the cost price of products not subject to the fixed price regime to 20% and 14% of the purchase price, respectively.<sup>51</sup> In addition, an overall limit (a maximum of 25%) applies to the profit margin (*margem de lucro*) for those products.<sup>52</sup> The Ministry of the Interior is responsible for investigating economic offences, including violations regarding prices. The authorities state that the controls carried out mainly concern essential products (bread, rice, and medicines).

3.64. According to the authorities, subsidized prices for fuel at the pump account for close to 70% of total expenditure on subsidies and amount to around 5% of the GDP; the shrinking fiscal revenue following the fall in international oil prices led to adjustments (on two occasions) at the end of 2014, which brought fuel subsidies down to 3% of the GDP. The IMF estimates that

<sup>48</sup> Online information, viewed at: <http://www.ceeia.co.ao>.

<sup>49</sup> Law No. 30/11 of 13 September 2011.

<sup>50</sup> Presidential Decree No. 206/11 of 29 July 2011.

<sup>51</sup> Decree No. 72/97 of 24 October 1997.

<sup>52</sup> Joint Executive Decree No. 33/96 of 1 July 1996.

these subsidies accounted for 3.7% of Angola's GDP in 2014<sup>53</sup>; budgetary expenditure on fuel price subsidies more or less corresponds to that on education and is 42% higher than fiscal expenditure on health. In addition, the current subsidizing of prices at the pump encourages smuggling to neighbouring countries (estimated to account for around 10% of total fuel consumption) and exacerbates inequality in Angola (wealthier households deriving the greatest profit).<sup>54</sup>

### 3.3.3 State trading, state-owned enterprises and privatization

3.65. Angola has not yet notified the WTO of its state-trading enterprises within the meaning of Article XVII of the GATT. Nevertheless, state enterprises have a monopoly on, *inter alia*, imports of refined petroleum products (SONANGOL) and the marketing of diamonds (SODIAM).

3.66. The State continues to intervene in sectors deemed important and/or strategic for the country. In 2012, Angola had some 90 state-owned companies, of which 35 were operating fully, 27 were engaged in residual operations, 11 were start-ups or resuming operations, 10 were not operating, and the operational status of another 7 was unknown. These companies came under the supervision of 19 sectoral bodies; some had many branches or financial holdings in other companies. In 2012, direct government support for these companies amounted to US\$874 million.<sup>55</sup>

3.67. Angola's legislation governing privatization<sup>56</sup> has remained unchanged since 2003; as to the institutional framework, the Office for Business Restructuring (*Gabinete de redimensionamento empresarial* (GARE)) was replaced by the Institute for the Public Business Sector (*Instituto para o sector empresarial público* (ISEP)) in 2009.<sup>57</sup> The process of state withdrawal from economic activities is going ahead slowly; implementation of the 2001-2005 privatization programme continues to show delays for 52 companies. According to the ISEP, privatizations completed between 2009 and 2014 concerned 26 companies, yielding total revenue of AOA 5,562,694,233.01; the main sectors concerned were industry, hotels and tourism.

### 3.3.4 Government procurement

3.68. Angola is neither a signatory nor an observer to the WTO Plurilateral Agreement on Government Procurement.

3.69. Since 6 December 2010, a new framework for managing government procurement in Angola has merged government procurement contracts and public service concessions into a single system.<sup>58</sup> The Government Procurement Office (*Gabinete da contratação pública*), created in order to provide support for the Executive in defining and implementing government procurement policies and practices, is responsible for operating and regulating the new system.<sup>59</sup>

3.70. The scope of the Government Procurement Code (*Lei da contratação pública*) covers contracts concluded by: the State (the Executive, central and local government authorities, the National Assembly, the Courts and the Attorney-General's Office), local authorities (*autarquias locais*), government institutions, public funds, public associations, and state-owned companies entirely financed under the national budget. Its scope does not encompass markets relating, *inter alia*, to the following: essential interests of the State; contracts governed by special laws (oil, natural gas, diamonds, mining, and energy); services provided by the National Bank of Angola; legal services (arbitration and conciliation); and the purchase of food or other products at sharply fluctuating international prices.

<sup>53</sup> This figure includes the diesel fuel used to generate electricity, which is wholly subsidized (1.3% of GDP).

<sup>54</sup> IMF (2015).

<sup>55</sup> Institute for the Public Business Sector. Viewed at: <http://preview-dev.isep.co.ao/home/sep/introducao.aspx>.

<sup>56</sup> WTO document WT/TPR/S/158/Rev.1 of 3 April 2006.

<sup>57</sup> Decree No. 37/09 of 13 August 2009.

<sup>58</sup> Law No. 20/10 (*Lei da contratação pública*) of 7 September 2010, repealing Decrees No. 7/96 of 16 February 1996, No. 26/00 of 12 May 2000, and No. 40/05 of 8 June 2005.

<sup>59</sup> Presidential Decree No. 298/10 of 3 December 2010.

3.71. Angola's Code provides for two main methods of awarding contracts: calls for bids (open, in two stages, or restricted) and direct contracting (*procedimento de negociação*). Recourse to each of these methods depends on the estimated value of the contract; the particular instances where direct contracting would be allowed, irrespective of the value of the contract, are also defined in the Code.<sup>60</sup> The contracting authority chooses the method for awarding the contract and if it is not an open call for bids it has to be justified. In principle, foreign bidders may submit bids only for high-value procurement (Table 3.9); nonetheless, there may be exceptions to this rule if there are no qualified Angolan bidders or if the contracting authority so decides (for practical reasons).

**Table 3.9 Methods of awarding government procurement contracts, 2015**

Method	Upper threshold of the contract (AOA million)	Admissible bidders
Direct contracting	<18	Nationals
Direct contracting or restricted call for bids	18-36	Nationals
Restricted call for bids	36-73	Nationals
Restricted call for bids	73-500	Nationals; foreigners (goods or services)
Open call for bids or two-stage call for bids	≥ 500	Nationals; foreigners (goods, services, or public works)

Source: Law No. 20/10 on Government Procurement (*Lei da contratação pública*) of 7 September 2010.

3.72. It is mandatory for contracts awarded following a call for bids (either open or in two stages) to be preceded by the publication of a notice calling for bids in the Official Journal (*Diário da República*) and in a newspaper widely distributed in Angola; the Government Procurement Office must also be notified so that the notice is posted on the government procurement website.<sup>61</sup> Calls for bids open to foreigners must also be circulated on international markets using the appropriate means. For contracts awarded directly, an acknowledgement of receipt of the bids must appear in the Official Journal and in a newspaper widely distributed in Angola. The time-limit set for submitting bids or candidatures may not be less than 20 days or more than 120 days; if the contracting authority so chooses, bids may also be submitted electronically.

3.73. The Government Procurement Code includes a preference for goods produced in Angola<sup>62</sup> and/or services provided by Angolan suppliers or those based in Angola; the preference margin may not exceed 10% of the amount of the bid submitted by Angolan competitors. In addition, the Law on micro, small- and medium-sized enterprises (MSMEs) specifies that the State and state bodies must set aside at least 25% of their budget for procuring goods and services for Angolan MSMEs. Large private companies awarded contracts for the supply of goods and services to the State must also subcontract at least 10% of the value of the contract to Angolan MSMEs; for public works contracts, the minimum subcontracting threshold is 25%.<sup>63</sup>

3.74. Non-acceptance of a bid may be challenged within five days following the minutes of the public act before the head of the competent ministerial department (for contracts with the State) or before the executive body of the contracting authority (in other cases). The decision awarding the contract must be notified to the winning bidder and must indicate expressly the value of the performance guarantee to be paid within a maximum of six days. Contracts awarded for an amount exceeding AOA 91 million must be published on the government procurement website managed by the Government Procurement Office.

<sup>60</sup> Expenditure on contracts concluded directly must be authorized by: the person possessing the executive power; Ministers of State (up to AOA 91 million); or Ministers, provincial governors or their executive bodies, state-owned enterprises and funds (up to AOA 36 million). Such expenditure may be disbursed following comparison of at least three invoices; its annual amount may not exceed 10% of the contracting authority's budget.

<sup>61</sup> For restricted calls for bids, the invitation to tender must be sent simultaneously to a minimum of three bidders.

<sup>62</sup> Winning bidders for public works contracts must give preference to materials manufactured in Angola, at equivalent prices and quality levels; the quality of imported and domestically manufactured materials must be certified by Angola's civil engineering laboratory.

<sup>63</sup> Law No. 30/11 of 13 September 2011.

3.75. Since 2010, government procurement for the supply of goods and services has also been subject to the following rules: prohibition on fixing down payments exceeding 15% of the overall value of the contract<sup>64</sup>; prohibition on concluding addenda to signed contracts for an amount exceeding 15% of the original value; and compulsory payment in national currency.<sup>65</sup>

### **3.3.5 Intellectual property rights**

3.76. Angola has not made any notification to the WTO regarding protection of intellectual property rights.

3.77. The regulatory and institutional framework for intellectual property rights has changed little since the last review of Angola's trade policy.<sup>66</sup> Industrial property remains governed by Law No. 3/92 of 28 February 1992, which is still implemented by the Angolan Industrial Property Institute (IAPI). A new law on copyright was apparently adopted in 2014; such rights are still managed by the Angolan Copyright Society (SADIA). The authorities acknowledge that there are numerous gaps in the current regulatory framework and shortcomings in terms of administrative capacity. Discussions/work on modernizing the legislative framework regulating the protection of intellectual property has been under way since Angola's previous trade policy review.

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<sup>64</sup> This limit may be raised to 30% subject to authorization by the Ministry of Finance.

<sup>65</sup> Presidential Decree No. 24/10 of 24 March 2010.

<sup>66</sup> WTO document WT/TPR/S/158/Rev.1 of 3 April 2006.

## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture and fisheries

#### 4.1.1 Agriculture

##### 4.1.1.1 Overview

4.1. With a young and growing population, vast expanses of land suited to agriculture and extensive hydraulic resources, Angola has the potential once again to become a major agricultural producer and exporter.<sup>1</sup> Climatic conditions, including rainfall, vary considerably from one region to another and lend themselves very well to a range of agricultural, forestry and livestock activities. Another factor favouring the development of the sector is steadily growing domestic demand.

4.2. Of a total area of 124 million ha, 35 million (28.2%) are classified as arable land and 54 million (43.5%) as pastureland. Yet the area under active cultivation is estimated at some 5 million ha; it is believed that a further 3 million ha consist of land which had been developed in the past and which is now ready for cultivation.

4.3. The main crops are cassava, maize, sorghum, millet, beans, potatoes, sweet potato and fruit (bananas, plantains and citrus fruit). Efforts are under way to restore rice, cotton, coffee and cocoa cultivation; wheat and soya bean are also emerging crops. Livestock farming also holds considerable potential. Angola has a cattle herd of some 3.5 million, though its development is being hampered by the lack of a structured sector. Estimated at almost 148,000 ha, the current forest cover is dominated by fast-growing varieties such as eucalyptus, pine and cypress. The annual output of logs is approximately 62,000 m<sup>3</sup>, whereas demand is about 500,000 m<sup>3</sup>.<sup>2</sup>

4.4. The sector is a large employer of unskilled labour. The authorities consider it to be the main source of income for 30% to 35% of the Angolan population (all rural activities included).<sup>3</sup> Despite its vast potential, the sector is slow in becoming a driving force of diversification in the national economy and in the fight against poverty. The contribution of agriculture, forestry and fisheries to Angola's GDP was an estimated 5.4% in 2013.<sup>4</sup> Angola is still a net importer of agrifood products.

4.5. The consequences of decades of social and political strife, in particular the presence of anti-personnel mines, the isolation of some regions and the destruction of infrastructure and production capacity, are still hampering rural development in Angola. The country's agriculture is still dominated by small-scale family farms, and the low level of mechanization means low productivity in a number of sectors. The fragmentation of the domestic market, caused mainly by poor infrastructure and the lack of marketing platforms, tends to reduce producer profit margins. Agricultural outreach services are still rudimentary and the lack of a legal framework is a disincentive to the creation of agricultural associations and cooperatives. Moreover, a monetary policy that results in overvaluation of the national currency is tending to erode the competitiveness of the agricultural sector, for which most inputs and equipment are imported.

4.6. Under the Angolan Constitution, the land belongs to the State; land rights are accorded to rural communities that have traditionally occupied certain lands – known as (non-transferable) rights of useful customary domain. Economic operators may exploit land under concession contracts (land-use rights) with a maximum duration of 60 years (renewable). Foreign natural and legal persons are eligible for the granting of land-use rights, provided that they have a representative in Angola.<sup>5</sup>

<sup>1</sup> Agriculture had been the mainstay of the Angolan economy before the rise of the oil industry; since then, infrastructure and support services have slowly fallen into neglect.

<sup>2</sup> Ministry of Agriculture (2012).

<sup>3</sup> Idem.

<sup>4</sup> National Institute of Statistics (2015).

<sup>5</sup> Law No. 9/04 of 9 November 2004.

#### 4.1.1.2 Agricultural policy

4.7. The Ministry of Agriculture and Rural Development (MINAGRI) is responsible for implementing agricultural policy and for the areas of agriculture, livestock, forestry and rural development.<sup>6</sup> The MINAGRI's mission is to promote the transformation of subsistence farming into commercial farming with a view to achieving food security and stimulating agribusiness in Angola. The main policy document is the Medium-Term Agriculture Sector Development Plan (PDMPSA), which was drawn up in 2008 for the period 2009-2013 and updated in 2012 for the 2013-2017 period. The PDMPSA envisages a range of sectoral or cross-cutting actions including the promotion of large-scale programmes that also encompass small and medium-sized producers; producer training; the promotion of agricultural credit and insurance; the introduction of minimum reference prices for the main agricultural produce; establishing a food stockpile consisting of national products; establishing a legal framework for the use of transgenic plants; and promoting Angolan products (marketing and awareness raising).

4.8. Many of the programmes set out in the PDMPSA envisage the State as the main investor and player in the building of infrastructure and the launching of agro-industrial activities. According to the authorities, this strategy is designed to cut losses, which can be as much as 50% of agricultural output owing to inadequate storage and transport infrastructure; after a transition period, the State is expected to withdraw from the sector. Under the programme for the purchase of agricultural produce (*Programa de aquisição de produtos agropecuários* (PAPAGRO)) begun in November 2013, the State has started creating centralized entities for purchasing the output of small farmers and a fleet of trucks for transporting it to large commercial establishments. There are currently 16 centralized purchasing entities and 86 trucks (38 of them rented) operating in 15 Angolan provinces. Some 16.7 tonnes of produce including potatoes, onions, cabbages and plantains were purchased between November 2013 and December 2014 based on the minimum reference prices set by the Ministry of Trade (MINCO).

4.9. The Institute for Agricultural Development (IDA) is attached to the MINAGRI and supports the development of small farms through a network of technical personnel covering all of Angola's provinces. Its support entails introducing technological innovations, motivating farmers and promoting agricultural good practices. According to the authorities, the role of the IDA has changed gradually from that of distributing inputs and equipment to one of training and support for rural families. Apart from the insufficiency of qualified staff, the IDA must grapple with various constraints relating to the living and working conditions of its employees. There are several other institutes engaged in research in the sector, namely, the Institute for Agricultural Research, the Institute of Veterinary Investigation, the National Coffee Institute, and the National Forestry Institute. The activities of these institutes are financed by the State; some specific programmes also receive funding from the multilateral partners.

4.10. In 2012, the MINAGRI was supervising eight government enterprises, six of which were engaged in residual operations while two were start-ups. No details were provided regarding possible State funding for these enterprises.

4.11. Agriculture and food processing continue to receive the highest levels of import tariff protection; the average rate applied to agricultural products (WTO definition) has been 23.3% since 2014 compared to 10% in 2005 (Section 3.1.5). The subsectors protected by MFN tariffs relatively higher than the sectoral average include fruit, vegetables and plants, beverages and tobacco, and coffee and tea. Import quotas still pending implementation will apply to several products when the domestic output covers more than 60% of domestic demand (Section 3.1.7). Besides, some products may be imported free of duty and consumption tax if they have been included in the basic basket (*cesta básica*) or in the event of a shortage on the domestic market.

4.12. Domestic support for the agricultural sector takes various forms, including subsidized credit, the lending of material and equipment, subsidies for draught power and irrigation costs; and the provision of veterinary services free of cost to small producers. Angola has created several financing mechanisms targeting a broad range of entrepreneurs and agricultural activities. These mechanisms are being implemented through the Angola Development Bank (BDA) and through private banks. The authorities state that spending for agriculture does not exceed 5% of

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<sup>6</sup> Between 2010 and 2012 the Ministry of Agriculture, Rural Development and Fisheries was responsible for these areas as well as for fisheries.

the national budget. The agricultural sector also benefits from subsidized fuel prices, which are applied uniformly throughout the Angolan market.

#### 4.1.2 Fisheries

4.13. Angola's maritime coastline of some 1,650 km is rich in fishery resources. The opposing flows of the Angola and Benguela Currents create a powerful upwelling system that ensures a high level of productivity.<sup>7</sup>

4.14. Fisheries is one of Angola's leading subsectors. In 2013, it accounted for 3% of GDP and ranked third after oil and diamonds. Moreover, and by current estimates, fishing supplies half of the animal protein consumed in the country. Annual fish consumption is estimated at 18.5 kg per capita. The sector employs 300,000 people.

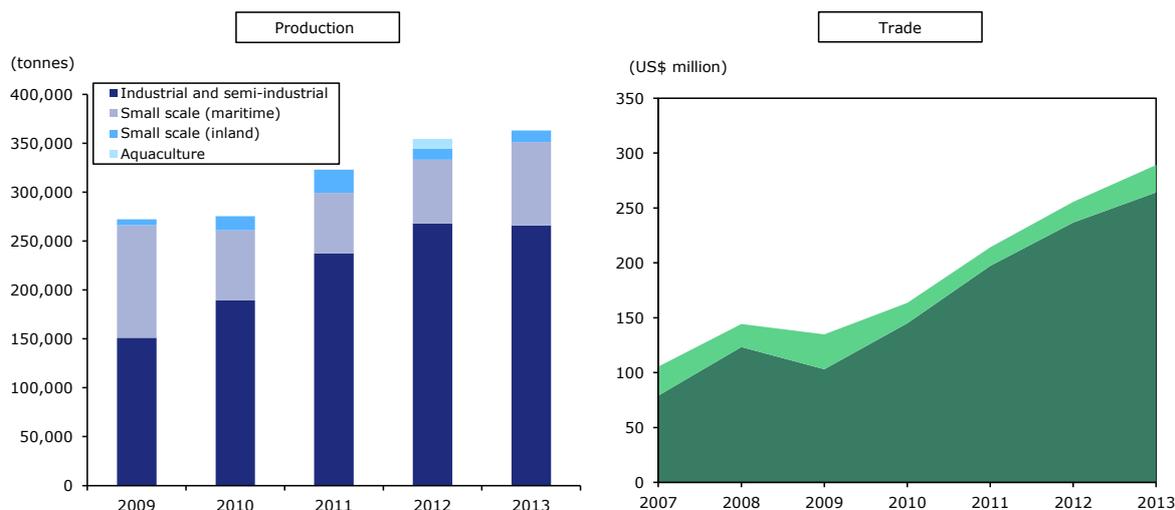
4.15. Angola's overall fisheries production has continued to increase in recent years (Chart 4.1). Industrial and semi-industrial fishing accounted for almost the entire catch in 2014, including 341,000 tonnes of pelagic species (horse mackerel, sardinella and tuna), deep-water shrimp and crabs, while the rest came from small-scale fishing (maritime and inland), with some 100,000 tonnes consisting of demersal species such as groupers, snappers, bream and crayfish, as well as other species of lesser value. Aquaculture is not developed. There is an aquaculture and technical support programme that envisages an output of 60,000 tonnes.

4.16. The entirety of industrial and semi-industrial fishing is based in the four main ports of Namibe, Benguela, Porto Amboim and Luanda. Some 150 ocean-going vessels engage in industrial fishing. The fish and shrimp caught by industrial fishing vessels are frozen on board for sale in Angola and abroad. Small-scale fishing takes place along the coast, with roughly 102 regular landing points identified. The main small-scale fishing zones are concentrated in the provinces of Benguela and Luanda. Salt drying and sun drying are practiced along the Angolan coast owing to the limited supply of cold storage facilities.

4.17. Angola's fish imports are substantial (equivalent to almost US\$264.2 million in 2013) and growing (Chart 4.1), and this to satisfy local demand mainly for horse mackerel, which is the favourite species of Angolans. It is estimated that 90,000 tonnes will be needed to meet this demand. In 2013, however, only about 62,000 tonnes were imported, mainly owing to the shortage of horse mackerel on regional and international markets.

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<sup>7</sup> The zone from Lobito to the mouth of the Cunene is by far the most productive, with an abundance of horse mackerel, sardines and tuna and a range of demersal species. The northern zone extends from Luanda to the mouth of the Congo, and the central zone from Luanda to Benguela.

**Chart 4.1 Fish production and trade, 2009-2013**

Note: Trade includes processed fisheries products.

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database, mirror statistics; and information provided by the authorities.

4.18. Exports of aquatic products, including 26,000 tonnes of fish and molluscs, have recently increased, particularly in 2013. The main exports are high-quality shrimp, prawns and crabs. Shrimp and tuna are the main exports to the European Union (mainly Spain) and Japan.

4.19. Angola's applied import tariffs on fresh fish are high. Based on the HS, imports of fresh, chilled or frozen fish (HS 0302 and 0303) are subject to a rate of 20% and additionally to a consumption tax of 10% or 30%; for the bulk of processed fish (HS 1603-1605) the rate is 27%, with consumption tax adding another 10%.

4.20. The fisheries subsector comes under the responsibility of the Angolan Ministry of Fisheries. The Ministry has a national directorate for fisheries management (National Directorate of Fisheries and Aquaculture (DNPA)), a national directorate for fisheries infrastructure (National Directorate of Fisheries Infrastructure and Industry (DNIIP)), three government institutes (Fisheries Research Institute, Institute for the Development of Small-Scale Fishing, and Fisheries Industry Support Institute), and an Inspection and Surveillance Division.

4.21. The legal basis for fisheries in Angola is Fisheries Law No. 6-A/04 of 8 October 2004 and subsequent regulations. It provides for a fisheries management regime based on a total authorized catch (TAC) determined annually for each fishery, and for limiting access by means of licences/quotas, as well as closed seasons and mesh size regulation. These management measures are reviewed periodically, in particular depending on stock assessment findings and estimates of the fleet's economic performance.

4.22. The Ministry of Fisheries is fully empowered to regulate fisheries, for example, by determining minimum mesh size, fishing zones and authorized fishing gear. Fishing rights are granted for a period of 20 years and may be inherited and individually transferred subject to permission from the Minister, with some limitations. Each fishing quota is transferred with the fishing rights. They are awarded by public tender; preference is nonetheless given to Angolan nationals. Under certain circumstances, the Minister may authorize the partial or temporary transfer of a fishing quota. Subject to ministerial authorization, a fishing quota may be used as a guarantee for obtaining a loan.

4.23. The Government attaches great importance to this subsector. Under the 2013-2017 national development plan, the fisheries subsector has three main aims: (i) to generate employment by attracting investment; (ii) to protect the marine environment, particularly by controlling foreign

vessels operating in Angolan waters; and (iii) to help mitigate poverty, in particular among people living in the coastal provinces.

4.24. To encourage private investment in areas deemed priority, the Government is promoting reward systems. Priority is being given to the following actions: ice production and cold storage networks in areas where this could add value to small-scale fisheries products; support for small-scale fleets and marketing of small-scale catches; industrial exploitation of untapped fishing resources or of new fishing areas; renewal and expansion of the semi-industrial fishing fleet; creation of fish processing facilities; and promotion of marine shrimp farming.

4.25. Industrial fishing is done mainly by leased foreign vessels or as joint ventures with Angolan nationals.<sup>8</sup> The foreign fishing vessels known to be operating in Angolan waters come from China, Japan, the Republic of Korea, Nigeria, the Russian Federation, Spain and Namibia. There are no bilateral fishing agreements with other countries for the time being. There are only contracts between Angolan and foreign business concerns, as the law stipulates that industrial fishing is reserved to Angolans, who may nonetheless enter into partnerships with foreign nationals; small-scale fishing is reserved for Angolans only. The sales market depends on private operators; they are not required by any regulations to sell in Angola. Most of the small-scale fishing catch is sold abroad. Each vessel has a fishing licence awarded in accordance with the fishing right reserved for Angolans, which stipulates an annual fishing quota per vessel. The Ministry of Fisheries sets quotas depending on the findings of annual studies on the state of resources (carried out by the National Fisheries Institute). The Ministry allocates the quotas among private operators. Trawling is prohibited. As Angolan fish is exported to the European Union, EU experts come to monitor the quality of the fish being exported. There is a system of traceability and of phytosanitary certification of catches.

4.26. Supervision of fishing activities (except for deep-sea tuna fishing) takes place by satellite link through a monitoring centre in the Ministry of Fisheries. All vessels must be equipped with the satellite monitoring system. Angola possesses three fishery protection vessels and collaborates in this field with Namibia and South Africa under an SADC regional programme.

4.27. Overfishing and changes in hydrological conditions have sharply reduced the potential for industrial fishing. According to the FAO, the 2010 resource assessment showed that most small pelagic species, namely sardinella, were under-exploited, while stocks of horse mackerel had been over-exploited and that this required immediate and effective resource management measures.<sup>9</sup>

4.28. The stock of horse mackerel, the fish mainly consumed by Angolans, is currently deemed to be severely over-exploited. This led the Government to impose strict management rules in 2014, and the local supply of horse mackerel was drastically reduced. The Government has since authorized the importation of large amounts of horse mackerel at low tariffs in order to relieve the pressure on stocks and increase the domestic market supply.<sup>10</sup> The decline in horse mackerel resources gave rise to the presidential decree setting a tariff quota for the duty-free importation of 90,000 tonnes in 2015. The Ministry of Fisheries manages in-quota import licences in collaboration with the Ministry of Trade. The Ministry of Fisheries gives authorization and the MINCO issues the licence.

## 4.2 Mining and energy

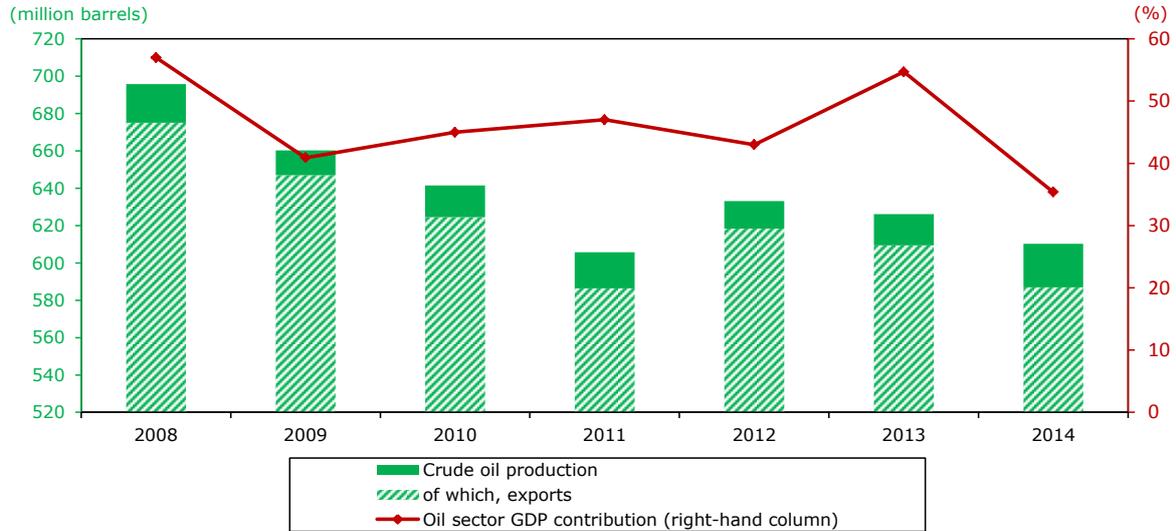
### 4.2.1 Oil and gas products

4.29. Angola is sub-Saharan Africa's second largest producer of hydrocarbons, with (proven and probable) reserves estimated at 10.26 billion barrels of crude oil and 59,000 billion cubic feet of natural gas. There may well be further oil deposits in deep-water areas off the Angolan coast, where prospecting has only just started. Between 2009 and 2014, crude oil production fluctuated around 1.7 million barrels per day and, according to the authorities, could reach 2 million in 2016; some 90% of Angolan crude is exported (Chart 4.2). Angola has two oil refineries with a combined capacity of 51,700 barrels per day.

<sup>8</sup> Fisheries Law No. 6-A/04 of 8 October 2004.

<sup>9</sup> Viewed at: <http://www.fao.org/fishery/facp/AGO/en#CountrySector-OrgsInvolved>.

<sup>10</sup> Law No. 13/14 of 9 January 2014.

**Chart 4.2 Trends in the oil sector, 2008-2014**

Source: Ministry of Petroleum.

4.30. The test phase of natural gas production in Angola began in 2013 and consists of processing the gas associated with oil production into liquefied natural gas (LNG); previously, the gas had either been reinjected deep underground or burnt. The liquefaction plant has an annual capacity of 5.2 million tonnes and should be fully operational by the end of 2015.

4.31. The oil industry is still the mainstay of the Angolan economy, despite the negative shocks that affected its performance in 2014. Technical problems led to a temporary contraction in oil and gas production in early 2014, and this was followed by the drop in international oil prices. In 2014, the oil subsector accounted for some 35.4% of GDP and 59.8% of Angolan government revenue, compared to 54.7% and 68.5% respectively in 2013.

4.32. The Ministry of Petroleum (MINPET) controls all oil and natural gas activities through the state-owned company Sonangol (*Sociedade nacional de combustíveis de Angola*). As the State's sole concessionaire, Sonangol is responsible for the exploration, production, processing, transport and marketing of liquid and gaseous hydrocarbons in Angola. Sonangol may conduct these activities independently or by partnering with other enterprises (Section 2.3.2). In principle, partnership contracts are awarded by public competition; the MINPET may authorize the award by direct contracting in exceptional cases.<sup>11</sup> According to the authorities, 20 oil production blocks have been awarded since 2006; Sonangol is currently a signatory to 35 production-sharing contracts (for which the formula varies depending on the stage of production), three joint-venture agreements and two risk service contracts under which the operator bears all the risks.

4.33. The hydrocarbons subsector is subject to special customs as well as tax regimes (Section 2.3.2). Imports intended for the direct and exclusive use of the oil and gas industry (Sonangol and enterprises that have signed partnership agreements with it), as well as exports of crude or refined oil and of natural gas, are exempt from customs duties and taxes, except for stamp duty.<sup>12</sup> This exemption does not apply, however, when there are domestic products of similar quality whose price is not more than 10% above the c.i.f. price of the corresponding imported item.

4.34. Sonangol held financial stakes in 165 other enterprises in 2013 and operates a vertically integrated conglomerate in the hydrocarbons subsector, with activities spanning several fields. It is involved in prospecting, production, transport, storage, refining, processing (liquefaction), marketing and distribution of oil, natural gas and their byproducts; air transport; telecommunications; vocational training; financial and real estate investment management;

<sup>11</sup> Law No. 10/04 of 12 November 2004.

<sup>12</sup> Law No. 11/04 of 12 November 2004.

medical services (Girassol clinic); the promotion and development of industrial projects; and integrated logistical services.

4.35. In March 2011 Angola set up a Sovereign Wealth Fund (FSDEA)<sup>13</sup> financed by Sonangol receipts from the sale of 100,000 barrels of crude per day; the Fund also had an initial capital equivalent to the value of 36.5 million barrels of oil at the selling price obtained by Sonangol in 2010.<sup>14</sup> The FSDEA reports of the President of the Republic and is an autonomous body charged with promoting, developing and supporting projects, particularly infrastructure projects, in the energy and water sectors. The FSDEA enjoys operational freedom when it comes to choosing the means of achieving its goals and is exempt from all duties, taxes and charges (except for customs service fees).

4.36. Domestic demand for refined oil products is met chiefly through imports, which accounted for 82% of Angola's consumption in 2014.<sup>15</sup> Fuel prices at the pump are state-subsidized (Section 3.3.2). Sonangol holds exclusive import rights for oil products (except for lubricants) through the company Sonangol Logística.<sup>16</sup> Moreover, Sonangol still holds a dominant position in the storage, distribution and marketing of refined oil products.

## 4.2.2 Other mining products

### 4.2.2.1 Overview

4.37. Angola's subsoil is rich in a wide variety of mineral resources that have not yet been properly identified and assessed. Recent mining exploration and exploitation have been focused on diamonds, of which Angola is one of the world's leading producers. Other minerals found in the country include iron, gold, copper, zinc, lead, manganese, phosphate, marble and granite.<sup>17</sup> The contribution of the mining subsector (excluding hydrocarbons and natural gas) to Angola's GDP was estimated at about 1% in 2013, coming mostly from the diamond industry.<sup>18</sup>

4.38. Under the Constitution, the State owns all the resources of the soil and subsoil, including mineral deposits. A new Mining Code<sup>19</sup> in force since September 2011 governs all mining and geological activities as well as the marketing of minerals, except for activities relating to liquid and gaseous hydrocarbons.<sup>20</sup> The Mining Code also establishes the related tax regime (Section 2.3.2). Inputs and equipment for the exclusive use of holders of mining rights may be imported free of duties and taxes, except for stamp duty.<sup>21</sup>

4.39. Like gold and radioactive minerals, diamonds are considered strategic minerals.<sup>22</sup> The innovations introduced under the Mining Code include: the possibility of a foreign majority stake (up to 90%) in joint ventures set up to work strategic minerals; the adoption of a standard investment contract; and the award of mining rights by open competition (mandatory for all strategic minerals).<sup>23</sup>

4.40. In exchange for the granting of mining rights, the State receives a share of the proceeds from mining as follows (alone or in partnership): through joint ventures, in which at least 10% of the equity is held by a state-owned enterprise; and/or through production sharing in proportions

<sup>13</sup> Originally known as the Petroleum Fund (*Fundo petrolífero*), it was renamed the Angola Sovereign Wealth Fund (*Fundo Soberano de Angola*) under Presidential Decree No. 89/13 of 19 June 2013.

<sup>14</sup> Presidential Decree No. 48/11 of 9 March 2011.

<sup>15</sup> Universo (March 2015). Viewed at: [http://www.universo-magazine.com/digital/Universo\\_45\\_-\\_March\\_2015](http://www.universo-magazine.com/digital/Universo_45_-_March_2015).

<sup>16</sup> Presidential Decree No. 132/13 of 5 September 2013.

<sup>17</sup> The authorities estimate that Angola's mineral reserves include: diamonds (306 million carats); iron (514 million tonnes); copper (24.5 million tonnes); phosphate (179.5 million tonnes); and ornamental stones (1.18 billion m<sup>3</sup>).

<sup>18</sup> National Institute of Statistics (2015).

<sup>19</sup> Law No. 31/11 of 23 September 2011.

<sup>20</sup> The new Mining Code repeals the following legislation: Law No. 16/94 (Law on diamonds); Law No. 17/94 (Law on the special regime for diamond reserves); Decree No. 4-B/96 (on the mining sector tax regime); and Decree No. 12-B/96 (on the customs regime applicable to the mining sector).

<sup>21</sup> Decree No. 12-B/96 of 12 May 1996.

<sup>22</sup> Mining Code (Law No. 31/11 of 23 September 2011), Article 21.

<sup>23</sup> *Ibid.*, Article 98.

that vary throughout the production cycle (with the State's share rising as the internal rate of return increases).

4.41. Mineral exploration and development are within the purview of the Ministry of Geology and Mining (MGM). Apart from the granting of mining rights for industrial operations (Section 2.3.2), the MGM manages semi-industrial and small-scale mining rights. Angolan nationals and companies in which at least two thirds of the equity is held by Angolans are eligible for quarrying titles (*alvará mineiro*) authorizing them to engage in prospecting (three years, renewable by two periods of one year) and/or mining (five years, renewable) for the purposes of civil engineering. Angolans may also obtain a small-scale mining title (*senha mineira*), delivered initially for a period of three years (renewable).<sup>24</sup> The number of small-scale mining titles surged in 2011 and 2012, though the phenomenon was short-lived (Table 4.1).

**Table 4.1 Mining titles in force, 2009-2015**

	2009	2010	2011	2012	2013	2014	2015 <sup>a</sup>
Prospecting	12	14	54	92	91	114	114
Mining	18	11	15	13	14	16	16
Quarrying	192	215	269	374	380	220	230
Small-scale	0	0	231	586	355	0	0
<b>Total</b>	<b>222</b>	<b>240</b>	<b>569</b>	<b>1,065</b>	<b>840</b>	<b>350</b>	<b>360</b>

a To June.

Source: Ministry of Geology and Mining.

4.42. The growth of mining subsector output is being hampered by a number of problems, including a lack of suitable infrastructure and the continuing presence of anti-personnel mines; insufficient geological studies and data; the very limited domestic supply of inputs and services indispensable to geological and mining activities; and the lack of financing and credit mechanisms geared to the mining industry on the Angolan market. In response to these constraints, the authorities have given priority to infrastructure rehabilitation, the establishment of a national geological plan, and the promotion of state-owned enterprises in the fields of base metals, radioactive minerals and agro-minerals.

4.43. There were five state enterprises under MGM supervision in 2014, two of which were operating, one was a start-up, and two were being liquidated.<sup>25</sup> No details were provided concerning any state funding accorded to these enterprises.

#### 4.2.2.2 Diamonds

4.44. In volume terms, Angola is Africa's second and the world's fourth largest producer of rough diamonds.<sup>26</sup> Diamond production fell from 9.2 to 8.3 million carats between 2009 and 2011 then rebounded to 8.8 million carats in 2014 (Chart 4.3). According to the available information, the areas with the greatest concentration of diamonds are located in the provinces of Lunda Sul and Lunda Norte in the north-east of the country. Angola has the world's fourth largest mine, that of Catoca, which has an area of 64 ha.<sup>27</sup>

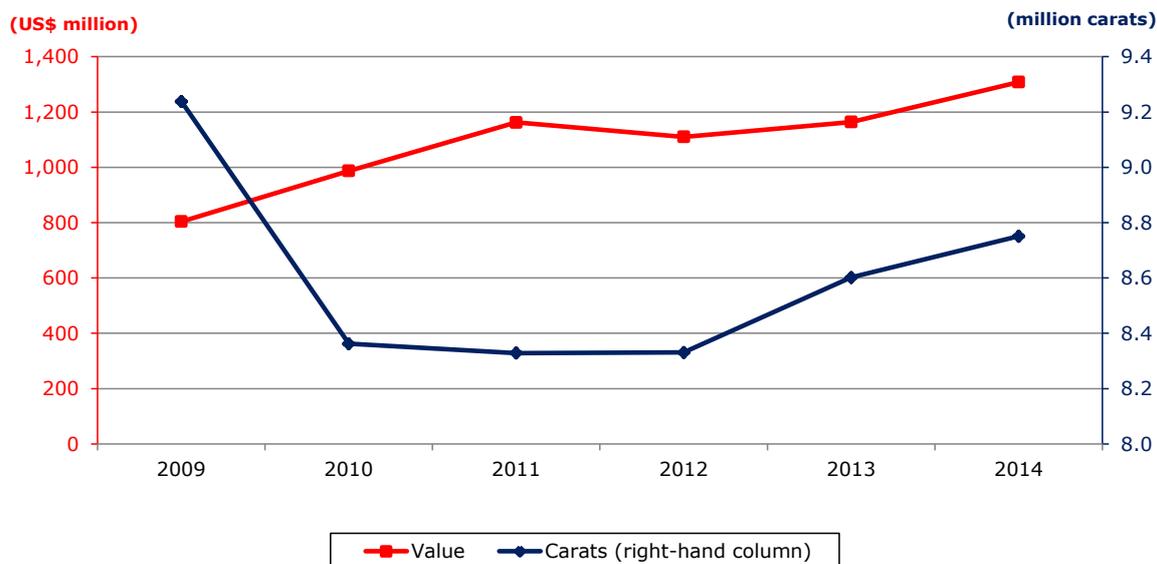
<sup>24</sup> Small-scale mining of minerals is subject to a small-scale mining tax, the rate of which varies according to the type of mineral being mined.

<sup>25</sup> Among these state-owned companies, the Empresa Nacional de Diamantes de Angola (ENDIAMA) held financial stakes in 46 other companies, while the Empresa Nacional de Ferro de Angola (FERRANGOL) held financial stakes in another five.

<sup>26</sup> ADB, OECD, UNDP (2014).

<sup>27</sup> ANIP (2015).

Chart 4.3 Diamond production, 2009-2014



Source: Ministry of Geology and Mining.

4.45. The National Diamond Company of Angola (ENDIAMA) is a state-owned enterprise that holds exclusive diamond mining rights throughout Angola; it represents the State in the granting of those rights and coordinates prospecting and mining. ENDIAMA issues the following titles: prospecting licences (including exploration and assessment) and operating licences. The MGM manages small-scale mining and issues the relevant mining title (*senha mineira*); ENDIAMA is nonetheless responsible for determining and overseeing the areas where small-scale mining is practised.<sup>28</sup> Only Angolan citizens who have lived for at least five years in the vicinity of the areas designated for small-scale mining are eligible for the *senha mineira* authorizing them to mine strategic minerals (including diamonds).

4.46. ENDIAMA holds financial stakes in several companies and is therefore engaged in activities across the diamond subsector and in various other fields (industrial security, air transport, hotels, and medical services).

4.47. A single diamond marketing channel is provided, in partnership with private companies, by the Angolan diamond marketing company SODIAM, in which ENDIAMA holds a 99% equity stake.<sup>29</sup> Diamonds produced in Angola, including from small-scale mining<sup>30</sup>, must be sold to SODIAM; the regulations on the marketing of diamonds obtained under production-sharing contracts have not yet been approved. Diamond exportation requires a licence from the Ministry of Trade; all minerals obtained in and exported from Angola must be accompanied by a certificate of origin issued by SODIAM. In principle, producers are free to choose the providers of diamond evaluation and classification services for export purposes.<sup>31</sup> Minerals exported in the rough state are subject to a tax (Section 3.2.2).

4.48. Diamond cutting is in principle open to private investors, who must negotiate a business contract with ENDIAMA and SODIAM.<sup>32</sup> SODIAM also owns a diamond-cutting plant that resumed operations in February 2015 after a closure of eight years; its installed capacity is 20,000 carats/month, which is sufficient to cut all the diamonds mined in Angola (as compared

<sup>28</sup> Decree No. 53/2009 of 22 September 2009.

<sup>29</sup> Presidential Decree No. 210/13 of 13 December 2013.

<sup>30</sup> Mining Code (Law No. 31/11 of 23 September 2011), Article 198.

<sup>31</sup> Ibid., Article 194.

<sup>32</sup> Ibid., Article 303.

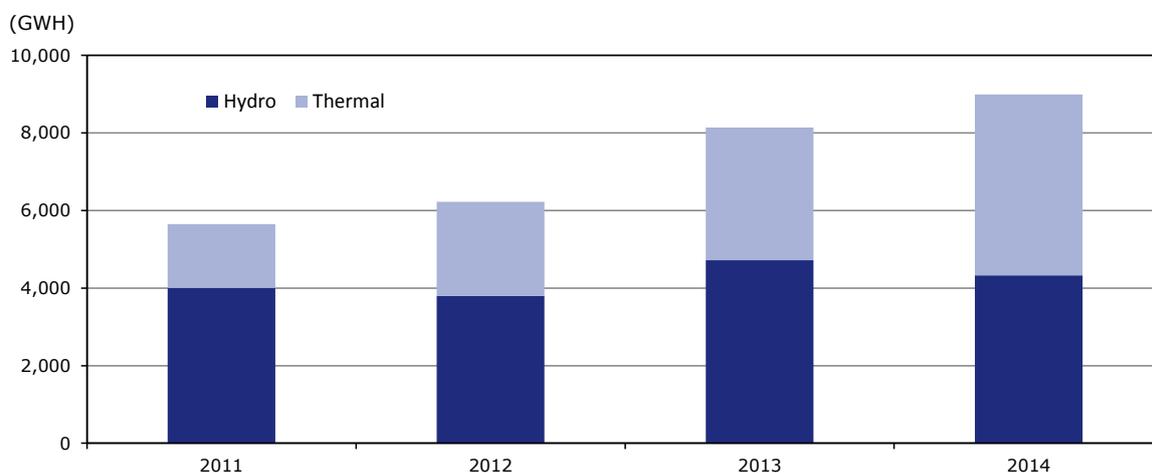
to 40% previously).<sup>33</sup> The sale of cut diamonds is unrestricted, though only companies that own cutting factories are authorized to sell polished diamonds wholesale.

4.49. Angola participates in the Kimberley Process (KP) certification system, which sets the conditions for monitoring the production of and trade in rough diamonds in order to certify that they are not being used to finance armed conflict. Angola has not signed the waiver<sup>34</sup> relating to the KP at the WTO and has not notified any measures taken to implement the certification system.

#### 4.2.3 Electricity

4.50. On the back of substantial investments in the subsector following the end of the civil war, Angola is witnessing steady growth in its electricity output, driven mainly by diesel based thermal power generation (Chart 4.4). The authorities project that installed plant capacity should increase from around 1.2 GW in 2009 to 7 GW in 2017. Angola has not yet tapped the considerable potential of its hydraulic and natural gas reserves or that of other renewable energy sources (solar, wind).

**Chart 4.4 Electricity generation, 2011-2014**



Source: Ministry of Energy and Water Resources.

4.51. Despite the progress made, the estimated 30% rate of electrification is still below the average for African countries (41%).<sup>35</sup> The lack of interconnection with some neighbouring countries further compounds the problems of providing a stable supply. Random power cuts are still a major problem and are forcing many consumers to have their own generators as a back-up source. The self-generating capacity installed by Angolan companies has been estimated at over 900 MW.<sup>36</sup> The cost of a stable supply from a generator operating non-stop is still very high.

4.52. Angola's electricity transmission and distribution grid is still fragmented and too small to cover the entire national territory. The current grid consists of three main systems (north, centre and south), each operating independently and linking the power plants to consumption centres; a fourth system is being built in eastern Angola. In 2015, only the systems in northern and central Angola were interconnected.

4.53. In 2011 Angola approved a national energy security policy and strategy<sup>37</sup>, which gave rise to a programme to restructure the subsector in 2013. The programme provides for the creation of

<sup>33</sup> Online information. Viewed at: <http://www.endiama.co.ao/noticias/angola-polishing-diamond-volta-a-funcionar/100>.

<sup>34</sup> In 2003 the WTO General Council agreed to a waiver covering Articles I:1, XI:1 and XIII:1 of the GATT 1994, from 1 January 2003 until 31 December 2006, in relation to measures to implement the KP certification system.

<sup>35</sup> Banco BIC, Angola News, No. 1, March 2015.

<sup>36</sup> World Bank (2011).

<sup>37</sup> Presidential Decree No. 256/11 of 29 September 2011.

a regulatory body and the separation, at the operational and accounting levels, of the assets and liabilities of the two main state companies that had hitherto dominated electricity generation, transport and distribution.<sup>38</sup> Under the model adopted, the State will retain a monopoly over the management of the national grid and will open up power generation and distribution to competition. As of 2015, the Angolan electricity market has been structured as follows: generation, which is formally open to competition, is dominated by the company PRODEL (*Empresa de produção de electricidade*); the company RNT (*Rede nacional de transporte*) holds a *de jure* monopoly on purchasing and transport; and the ENDE company (*Empresa nacional de distribuição de electricidade*) dominates distribution, pending the entry of private distributors into the market. Although the State remains the principal operator in the subsector through these state-owned companies, the authorities are hoping that the new framework will attract private investor capital and technical expertise.

4.54. The Regulatory Institute for the Electricity Sector (*Instituto regulador do sector eléctrico* (IRSE)) is tasked with regulating the generation, transport, distribution and marketing of electricity in the public system, and with managing commercial relations between this system and agents that are not connected to it. IRSE also discharges arbitration functions in the subsector.<sup>39</sup> According to the authorities, the role of the regulatory body will be strengthened in the near future, with IRSE being responsible for setting the electricity purchase prices applied by the RNT.

4.55. The Ministry of Finance is still currently responsible for setting electricity prices; these also apply to independent electricity producers. Last updated in 2006, the prices now in force<sup>40</sup> are still below production costs, which continue to be subsidized by the State. As in the case of fuel prices, it is mainly the well-to-do, urban minority in Angola who benefit from subsidized electricity prices.

### 4.3 Manufacturing

4.56. Angola has been witnessing sustained economic and demographic growth since the end of the civil war; the combined effects of these trends is rising domestic demand, which could help stimulate the development of manufacturing. Nevertheless, the inadequacy of basic infrastructure and insufficient skilled labour are still dampening the dynamism of industrial activity. The lack of a reliable electricity supply remains one of the chief constraints; most operators in the sector are still compelled to have their own thermal power generation capability, and this reduces their competitiveness (Section 4.2.3).

4.57. The GDP contribution of the processing industries, not including oil and gas, was estimated at 4.1% in 2013.<sup>41</sup> The main activities include milling; food production, the manufacture of building materials, textiles and clothing; the recycling of metals, and woodworking. Angola is still a net importer of manufactures, mainly of machinery and rolling stock, non-electrical machinery and other semi-finished goods. The considerable growth and diversification potential of Angola's manufacturing sector would be better harnessed through improved utilization of the available resources and stronger links with other sectors of the economy, particularly agriculture and the extractive industries.

4.58. Industrial policy implementation falls under the Ministry of Industry (MIND), and the main framework is the 2013-2017 Industrialization Programme. A rural small-industry development scheme (PROFIR) was launched in 2015. The MIND is responsible, *inter alia*, for issuing industrial licences and authorizations for the delivery of work permits to foreign staff members of industrial enterprises based in Angola. The authorities believe that establishing a national network of industrial development hubs (industrial zones), an objective dating back to 1998, is indispensable to economic diversification.<sup>42</sup> The MIND is also involved in the refurbishment of technology and training centres and in setting up centres of innovation and expertise.

<sup>38</sup> The National Electricity Company (ENE) was responsible for electricity generation and distribution in 17 provinces in central and southern Angola. The Electricity Distribution Company (EDEL) would buy roughly 70% of the electricity produced by the ENE and distribute it in the north of the country, including in Luanda.

<sup>39</sup> Decree No. 4/02 of 12 March 2002.

<sup>40</sup> Executive Decree No. 118/06 of 14 August 2006.

<sup>41</sup> National Institute of Statistics (2015).

<sup>42</sup> Resolution No. 1/98 of 10 March 1998.

4.59. During the period under review, Angola raised some MFN tariffs on imported manufactures; the average rate (ISIC definition) rose from 7.1% to 10% (Section 3.1.5). Processed timber, clothing, textiles and leather have continued to enjoy some of the highest tariff protection levels. A ban on cement imports was introduced in 2015 in order to promote local production (Section 3.1.6). Exemptions from duties and taxes apply to products imported for industrial purposes or under approved investment contracts (Section 3.1.5).

4.60. The Investment Code accords advantages to entrepreneurs, including in the manufacturing sector (Section 2.3.1). Moreover, Angola's legislation on government procurement provides for the possibility of granting a margin of preference to Angolan manufacturers (Section 3.3.4).

4.61. In 2013, the Angolan State held stakes in eight companies, of which four were in operation, two were inactive and two undergoing restructuring. Three of the operating companies produce beer and receive no state funding; the State's capital holdings in each of these companies does not surpass 5%.

## 4.4 Services

### 4.4.1 Telecommunications

4.62. Table 4.2 contains the main economic indicators for Angola's telecommunications sector.

**Table 4.2 Telecommunications services, 2010-2013**

	2010	2011	2012	2013
Exports of telecommunications services <sup>a</sup> (US\$ million)	35	41	33	21
Imports of telecommunications services <sup>a</sup> (US\$ million)	362	352	455	638
Telephone subscribers (%), of which	49.5	54.3	62.4	62.9
Mobile telephone subscribers (%)	97.1	97.6	98.4	98.4
Subscribers to fixed broadband Internet (%)	0.1	0.1	0.2	0.2
Secure Internet servers (number)	52	62	72	83
Internet users (%)	10.0	14.8	16.9	19.1

a Data based on the BPM6 methodology.

Source: WTO-UNCTAD trade in services database, based on OECD, IMF, EUROSTAT, UNSD and national data, April 2015.

4.63. Angola has four fixed telephony providers, namely Angola Telecom, the historical operator, MS Telecom (a subsidiary of the state-owned oil company Sonangol), Itelnet (joint public-private ownership) and Mundo Startel (privately owned with the participation of Namibian capital). Angola Telecom dominates the market with a 85.72% share, followed by MS Telecom with 12.13%. Despite having obtained the licences many years previously, these new operators only began providing services in 2011. As shown in Table 4.2 above, the share of fixed telephony is negligible (less than 2% of telephone subscribers) and growing slowly in absolute terms, whereas the mobile telephony market, like everywhere in the world and particularly in Africa, is expanding strongly.

4.64. The historical operator Angola Telecom is 100% government-owned. The information technology white paper adopted in 2010 foresees its long-term transformation into a limited company with public capital, governed by the code of corporations and under fully autonomous management. As part of a restructuring plan, Angola Telecom was recapitalized in 2012 to the tune of US\$300 million. The current legal framework does not rule out the management of Angola Telecom by a third party under contract.

4.65. There are five fixed data and Internet service providers in Angola namely, Multitel, NetOne and Itelnet, all three under joint public-private ownership, and ACS and ITA, both privately owned.

4.66. Angola also has two mobile phone operators: one is Movitel, which was hived off from the historical operator Angola Telecom in 2010, 80% of it being sold to Angolan private investors (Portmil 40%, Modus Comicare 19%, Ipang 10%, Lambda 6% and Novatel SA 5%), with the remaining 20% being owned by Angola Telecom (18%) and the Angolan postal service Correios de Angola (2%). The other is Unitel, which entered the market in 2001 and is owned by Angolan private investors (GENI 25%, Vidatel 25%, Mercury 25% and PT Venture 25%) and the

Brazilian operator Oi SA through its holding company Africatel, which holds a 25% interest. In 2014, Unitel's market share was 77.74% and that of Movitel 22.26%. Unitel and Movitel have each begun setting up a 4G-LTE network.

4.67. The 2010 telecommunications white paper provides for the eventual emergence of a new mobile services offer through the granting of converged licences (i.e. universal and multiservice) to the three main operators (Movitel, Unitel and MS Telecom). These licences will also cover mobile Internet.

4.68. Value-added services have been liberalized since the end of the 1990s pursuant to Decree No. 18/97 of 27 March 1997. The general regulations on telecommunications prescribe that value-added service providers are not required to obtain a licence to engage in their activity and are subject only to declaration and registration requirements. There are 36 registered service providers to date.

4.69. There are four components to the basic regulations on telecommunications: first, Law No. 23/11 of 20 June 2011 on electronic communications and information society services; second, the general regulations on electronic communications adopted by Presidential Decree No. 225/11 of 15 August 2011; third, Presidential Decree No. 019/11 of 17 January 2011 on network access and interconnection; and fourth, Presidential Decree No. 166/14 of 10 July 2014 on telecommunications infrastructure sharing.

4.70. Law No. 23/11 lays out in very broad terms<sup>43</sup>, and going beyond the strict context of telecommunications, the institutional structure and general principles applicable with respect to the information society and information and communication technologies. The basic telecommunications regulations *per se* are contained in the general regulations on electronic communications, which were officially enacted some weeks later.

4.71. The regulations on electronic communications distinguish first of all between two types of Internet communication services: on the one hand, private one-way web services, and private voice-over-Internet services, which are subject to a simple notification system; on the other, all other Internet services (public voice-over-Internet services, public broadband services, and portals for the marketing of services), which may fall under one of the three regimes in place for all telecommunication services, namely concessions, licences or authorizations. Private communication networks are authorized provided that they do not give rise to commercial operations or to the resale of existing capacity. Legal persons providing communication services must be legally incorporated on Angolan territory. Foreign individuals or legal persons may not hold either direct or indirect majority shares in the capital of Angolan telecommunications service providers. Cross-shareholdings among operators may not exceed 10% of an operator's capital. It is planned to reduce the scope of this measure, restricting it to concession-based operations alone.

4.72. The first of the three ordinary law regimes, that of concessions, applies to telecommunications service providers operating their own infrastructure. Concessions are granted for a minimum of five years and are renewable. After three years the concessionaire may subcontract all or part of the services, subject to approval by the regulatory authority. The second regime, licensing, applies to service providers using networks belonging to third parties, including virtual networks, irrespective of the type of services or the technology used. Licences are issued for an initial period of 15 years. They are transmissible after five years, with the approval of the regulator. The third regime is that of authorizations, and covers the offer of private communication services and/or electronic communications services not accessible to the public where the offer entails the allocation of numbers or frequencies.

4.73. The regulations impose a blanket network interoperability and interconnectivity obligation which goes beyond that contained in the WTO telecommunications reference paper and which is limited to dominant operators alone. This is not an isolated case; although Angola has not undertaken any GATS commitments on telecommunications, the country has enacted legislation which in many respects is compatible with or largely reflects the disciplines in the reference paper. This applies in particular to the pre-notification timeframes established for denouncing concessions (90 days) and licences and authorizations (30 days).

<sup>43</sup> The text of the law was viewed at: [http://www.inacom.gov.ao/Portals/0/Legislacao/lei\\_23\\_11.pdf](http://www.inacom.gov.ao/Portals/0/Legislacao/lei_23_11.pdf).

4.74. Under the regulations, operators may negotiate the terms of interconnection among themselves. The terms of use of public goods for electronic communication must be transparent, public, rapid and non-discriminatory. Consumers are guaranteed portability of numbers in the event of a change of operator. Access to the telecommunications network must be granted on a non-discriminatory and equitable basis, and the terms on which interconnection services are provided must be non-discriminatory, transparent and equivalent to those that interconnection service providers would accord to their own subsidiaries or their partners. If there is no agreement between operators, the regulatory body is empowered to take a decision setting the conditions for interconnection. Agreements reached between operators must be notified to the regulatory body, which treats them as confidential.

4.75. The regulations also contain provisions on infrastructure and equipment sharing among operators. The regulator has the power to regulate prices, both those offered to the public and those applied among operators. The regulations stipulate that prices must be cost-based. It further requires backbone network concessionaires to prepare and publish a reference access and interconnection offer and lays down procedures for the approval of this reference offer by the regulator. The offer must comply with the principles of transparency and cost-based pricing; under the regulations, operators are required to practice analytical bookkeeping so that the regulator is able to carry out any checks deemed necessary. These backbone network operators must prepare an offer pertaining to leased networks. The regulations also lay down the criteria to be used by the regulator to determine which operators hold significant market power and empowers it to set the conditions to be applied to them. The stipulations of the general regulations on telecommunications regarding interconnection and network access on the one hand, and infrastructure sharing on the other, have been enacted through two recent presidential decrees: Presidential Decrees No. 019/11 of 17 January 2011 and No. 166/14 of 10 July 2014.

4.76. Lastly, the regulations endorse and develop the universal service policy envisaged under the 2001 law. It applies to fixed line operators. The definition of universal service includes private residential fixed line services, telephone booths, dial-up Internet access, emergency services, telecentres, services for disabled persons and the elderly, but not the offer of social tariffs below production costs. The general regulations on telecommunications provide for the definition of universal service to evolve with technology and needs, and entrusts the electronic communications authority with setting annual targets for the services that must be included in the universal service. Universal service obligations must be financed by a universal service fund, the FADCOM, set up in 2007 and currently governed by Presidential Decree No. 264/10 of 2010, and funded by the operators. The structure has in fact been in place since 2013 but discussions are under way with operators on the setting of criteria and the amounts of contributions, in particular for the financing of a national plan for the expansion of telecommunications in rural areas.

4.77. All told, the following types of services are open to competition: local fixed lines, domestic fixed services, international long-distance fixed services, mobile services, digital subscriber lines (DSL), leased lines, Internet services, cable television and mobile satellite services. Very Small Aperture Terminal (VSAT) services have only been partially deregulated. Although the backbone network infrastructure is a state monopoly, there are no barriers to private investment in similar infrastructure.

4.78. Some activities are still subject to a monopoly. This is the case of the wireless local loop, cable modems, fixed wireless broadband, international gateways and notably satellite earth stations and fixed satellite services. Apart from the Internet, for which costs are trending downwards, telecommunications tariffs have remained stable for many years in Angola, particularly because the national price commission requires this to be so.

4.79. The sector's regulator is the Angolan Institute of Communications (INACOM), which was set up under Decree No. 12/99 of 25 June 1999. The following areas come within its purview: the granting of licences, interconnection charges, price regulation, the issuing of technical standards, the allocation of frequencies, the policing of frequencies, the allocation of numbers and prefixes, service quality monitoring, the setting of service quality obligations, and universal service. The Ministry of Telecommunications and Information Technologies shares responsibility for television, radio and Internet services with the Ministry of Social Communication. The rules governing access for providers of these services and the regulations on radio broadcasting content fall under the exclusive competence of the Ministry of Social Communication. In the field of pay-TV

and Internet, the rules of access for providers are laid down in the telecommunications regulations, while the Ministry of Social Communication is responsible for regulating content.

4.80. In 2011, Angola adopted a white paper on information and communication technologies<sup>44</sup>, which lays down two successive phases for these technologies: a development phase from 2011 to 2015 with ambitious targets for investment in backbone network infrastructure, the democratization of the Internet, e-government, the strengthening of competition and the "full liberalization of services"; this will be followed by a consolidation phase from 2016 to 2020 designed to make Angola one of the most advanced countries on the African continent. Infrastructure investment during the first phase, particularly in fibre optics and radio and satellite transmission, has enabled existing operators to develop and will pave the way for the liberalization foreseen in the second phase.

4.81. To attain its goals, the white paper advocates, among other things, relaxation of the current rules on "state reserves", in other words, on ownership of the different networks. Under the current rules, telecommunications networks fall under three government ownership systems, depending on their nature: "the absolute reserve" consists of infrastructure making up the telecommunications backbone network, the "control reserve" consists of local infrastructure that constitutes an extension of the backbone network, and the "relative reserve" includes other infrastructure. The aim would be to allow private investment in telecommunications infrastructure. To that end, the public telecommunications network would be reclassified to form part of the "relative state reserve" and managed through concessions.

4.82. Similarly, the white paper advocates allowing private investors to acquire minority shares in the capital of the historical operator Angola Telecom, and the conclusion by the State with Angola Telecom of a contract for the management of the backbone network on the one hand, and a "programme contract" on the other, setting the targets to be achieved. The status of Angola Telecom would be modified and the operator would become a limited company with public capital governed by the code of corporations.

4.83. The white paper also contemplates relaxation of the rules limiting holdings by foreign private investors in areas not directly related to the backbone network, and more particularly in the provision of services on the networks of other operators, and a wider distribution of licences in the various market segments, especially for the award of licences to "transversal" operators that are able to provide multiple services ("converged" or "unified" licences). The granting of licences to virtual operators would also be developed.

#### **4.4.2 Financial services**

4.84. Table 4.3 shows the main indicators in Angola's financial services sector.

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<sup>44</sup> The text of this white paper was viewed at: [http://www.inacom.gov.ao/Portals/0/Legislacao/DesPres71\\_11.pdf](http://www.inacom.gov.ao/Portals/0/Legislacao/DesPres71_11.pdf), where Presidential Order (*despacho*) No. 71/11 of 12 September 2011 approving the white paper was published.

**Table 4.3 Financial services, 2010-2014**

(US\$ million, unless otherwise stated)

	2010	2011	2012	2013	2014
Imports of insurance services <sup>a,b</sup>	257.4	193.1	256.6	864.9	..
Imports of financial services <sup>a,c</sup>	830.1	301.4	46.2	73.9	..
Domestic credit provided by the banking sector (% of GDP)	19.3	16.6	15.5	18.9	..
Insurance - Density (US\$/per capita)	..	51	49.5	55	..
Insurance - Penetration (% of GDP)	..	1.1	0.8	0.8	..
Interest rate - Spread (%)	9.8	12.4	13.1	12.7	12.5

.. Not available.

a Data based on the BPM6 methodology.

b Insurance and pension services include life insurance and annuities, non-life insurance, reinsurance, freight insurance, pensions, standardized guarantees, and services auxiliary to insurance, pension schemes, and standardized guarantee schemes.

c Financial services cover financial intermediary and auxiliary services, except insurance and pension fund services. These services include those generally provided by banks and other financial corporations. They include deposit taking and lending, letters of credit, credit card services, commissions and charges relating to financial leasing, factoring, underwriting, and clearing of payments. Also included are financial advisory services, custody of financial assets or bullion, financial asset management, monitoring and oversight services, liquidity provision services, risk assumption services other than insurance, merger and acquisition services, credit rating services, stock exchange services, and trust services.

Source: WTO-UNCTAD trade in services database, based on OECD, IMF, EUROSTAT, UNSD and national data, April 2015. IMF (through the World Bank), World Bank and OECD for GDP estimates. SwissRe, Sigma No. 3/2013, Standard &amp; Poor's (through the World Bank).

4.85. In 2007, financial services alone represented one third of employment in Angola's services sector and 20% of the volume of trade in services.

4.86. The general conditions for the establishment of foreign financial institutions and in particular Law No. 13/05 of 30 September 2005 have been described in the section of chapter 2 on investment regimes, the financial sector being one of the three sectors, together with oil and the extractive industries, to be subject to a special investment regime.

#### 4.4.2.1 Banking services

4.87. Banking services are one of the three sectors, along with tourism and recreational, cultural and sporting services, in which Angola has undertaken commitments under the GATS. These commitments cover three subsectors, which are the taking of deposits and other reimbursable funds, all types of borrowing, and liquidation and money transfer services. Angola places no restrictions on commercial presence as pertains to deposit taking. On the other hand, commercial presence is not bound with respect to borrowing and is subject to a market access restriction as regards liquidation and money transfer services, worded as follows: "branches of foreign institutions obligatorily accountable for the principal order after having fulfilled the commitment".

4.88. With the restoration of civil peace and the ensuing oil boom, Angola's banking system expanded vigorously and today ranks third in sub-Saharan Africa with assets up from US\$3 billion in 2002 to US\$62 billion in 2012. Similarly, from a handful of state-owned banks, the number of banks in the market has now reached 24, of which only 3 are government banks; the others belong either to local private interests or, in the case of 9 of them, to foreign interests chiefly from Portugal, but also from the Russian Federation, South Africa and Togo. Foreign-controlled banks account for some 40% of assets, loans, deposits and capital in Angola's banking system. The banking industry continued to grow even during the 2009-2012 recession, despite a decline in its profitability owing to a range of factors including the abolition of tax advantages hitherto accorded to the oil sector and the increase in non-performing loans (up to a ratio of 11% of the overall portfolio, resulting from risky real estate lending, the accumulation of government arrears in reconstruction programmes, and problems of recovery).

4.89. To date there have been no consolidations in the sector. It is relatively concentrated: 20% of the banks hold 80% of the assets. The country is still largely underbanked, with the lending-to-GDP ratio standing at a mere 22% and 11% of the population holding bank accounts.

Micro credit is beginning to catch on, but mobile phone micro credit services have not yet been introduced. There are distinct regional disparities, most activity being concentrated in Luanda and in some major regional capitals; lending is mainly short-term and interest rates are relatively high, especially on AOA-denominated loans.

4.90. Apart from not allowing banks to create subsidiaries, the regulations contain no market access and national treatment restrictions on commercial presence within the meaning of the GATS, in other words, restrictions, whether discriminatory or not, on the number of suppliers, the value or volume of services, the assets of providers, the number of employees, foreign participation and the reservation of certain advantages, such as land ownership, subsidies or tax advantages, to national providers alone.

4.91. Since the 2009-2012 crisis, the central bank has undertaken extensive regulation to remedy the structural weaknesses in Angola's banking system and align it with international standards. Laws have thus been adopted on money laundering, Law No. 34/11 of 12 December 2011, on risk control and corporate governance, and on the adoption of the International Financial Reporting Standards (IFRS). The central bank also increased the minimum registered capital for banks from AOA 600 million to AOA 2.5 billion or roughly US\$25 million, with an implementation deadline of June 2014 (Central Bank Notice No. 12/2013 of 11 July 2013). Hence, Angola is now in a position to apply the Basel II prudential principles and some Basel III principles. No deposit guarantee system exists but there are plans to create one.

4.92. One major regulatory change that has affected the sector is the new law on foreign exchange, which in order to de-dollarize the economy now requires oil companies to pay their local suppliers in AOA through the Angolan banking system. This has forced the Angolan banking system to act quickly to develop and adapt payment networks and procedures, and enabled banks to diversify their sources of foreign exchange, which were previously limited to the central bank's regular foreign exchange allotments. Another government scheme with far-reaching implications for the banking system is the *Angola Investe* programme, through which the Government aims to provide access to credit for small and medium-sized enterprises by subsidizing interest rates and guaranteeing up to 80% of the loan amount. This scheme has so far not had the hoped-for success, as banks believe that most potential clients do not have a sufficiently attractive risk profile considering the guarantees they are able to offer. Banks are also seeking new revenue streams, for example by obtaining assignments or consultancies under new infrastructure or energy projects. Some banks also plan to launch new products such as mortgages and real estate lending, bancassurance, motor vehicle leasing and asset management.

4.93. Banks are furthermore hoping to benefit from the imminent opening, originally scheduled for 2010 and now expected in 2016, of a stock exchange for the issue and listing of government bonds and private shares and bonds. To that end the regulatory body, the Capital Markets Commission (CMC), drew up a piece of legislation - the Securities Code (CVM) - which was approved by the National Assembly on 21 April 2015. The CMC further plans to create a goods exchange for the express purpose of reducing imports. The stock exchange is still in the fledgling stage. Angola has not yet fully opened up its capital account; this will be done in stages and the process has been set back by the oil price shock. It is planned to start with domestic debt, and once the capital account has been opened up, to expand the scope of the stock exchange to include equity and corporate bonds.

4.94. In October 2012 Angola set up the Angola Sovereign Wealth Fund (FSDEA), as the successor to a smaller fund, the Oil for Infrastructure Fund. The FSDEA's receipts come from the sale of 100,000 barrels of oil per year, which should secure it an estimated annual amount of US\$3.5 billion. 50% of the Fund's assets will be invested in fixed-income financial instruments such as bonds in G-7 countries, and 7.5% will be allocated to social development projects relating mainly to education, income generation, water and health.

#### **4.4.2.2 Insurance and pension fund services**

4.95. In 2000, Angola began deregulating its insurance sector, which has since expanded from a single state-owned insurance company (ENSA) to 17 insurance companies, most of them private, in 2014. The capital of one of these companies, ENSA Seguros, is exclusively government-owned, while two others, Nossa Seguros and Mundial Seguros, have mixed public-private capital, and the

remaining 14 only private shareholding. Five companies have foreign interests among their shareholders, namely GA Seguros (49%-owned by Colina Participation of Côte d'Ivoire and 14.9% by Panatlantic of Morocco), Garantia (45%-owned by Quifel International Holding SGPS SA of Portugal), Universal (68.7%-owned by Companhia de Seguros Fidelidade Mundial SA of Portugal), Confiança (49%-owned by South Africa's Vision Direct 155 (PTY)) and Tranquilidade (49%-held by Companhia de Seguros Tranquilidade of Portugal). Besides these companies, there are 5 pension fund managers and 36 brokerage firms.

4.96. The sector is still fairly concentrated, with the three leading insurance companies accounting for a market share of 82%, (ENSA 38%, AAA Seguros 23%, and GA Seguros 21%) in 2014. The sector's penetration rate is still very low (0.8%), which would suggest that there is enormous scope for development. Besides, two new companies (BONWS Seguros SA and BIC Seguros SA) were licensed in 2014. In 2013, Angola's leading private insurance company, GA Seguros, was acquired by the Moroccan group Saham and in January 2014, market leader ENSA set up a joint venture with Standard Chartered.

4.97. In terms of insurance portfolios measured by premiums paid, accident and damage insurance leads the field with 33% of premiums, followed by motor vehicle insurance (24%) and industrial risk insurance in the petrochemicals industry (15%). Third-party liability insurance accounts for a mere 6% and life insurance 2%. The motor vehicle insurance market has seen robust growth in recent years as a result of the introduction of compulsory cover for damage to third parties under Decree-Law No. 35/09 of 2009. Total premiums collected in 2013 amounted to US\$997 million, up 13% on the prior year. In 2013, the reinsurance business represented altogether US\$444 million in reinsured premiums, mostly in non-life insurance.

4.98. The basic regulations governing the insurance sector are laid out in Law No. 1/00 of 3 February 2000 setting the conditions for the granting of licences to insurance companies. This power lies with the Ministry of Finance except where a company has non-resident shareholders, whether natural or legal persons, and the paid-up capital surpasses 50% of equity. In such a case, authorization lies with the Council of Ministers. The Law distinguishes between three types of company, namely those with public capital, those with mixed capital and those with private capital. As pertains to foreign interests, Article 22 of the Law prescribes that at least 60% of foreign investment capital must come from financial institutions or insurance companies and that at least 30% of the capital (subscribed, realized or confirmed) must come from domestic entities, whether private, public or mixed. Changes of company name, changes to the make-up of capital, mergers, demergers and disposals of majority capital shares in insurance companies established in Angola must be authorized by the Minister of Finance.

4.99. Executive Decree No. 70/06 of 7 June 2006 stipulates the minimum registered capital for engaging in the insurance business: US\$10 million for the joint operation of life and non-life branches, US\$8 million for life insurance alone and US\$6 million for non-life insurance. The other basic texts are Decree No. 5/03 of 24 January 2003 on conditions of access and functioning of insurance companies, Decree No. 6/03 of 24 January 2003 on financial guarantees, and Decree No. 9/03 of 21 February 2003 on the calculation and constitution of the solvency margin and the guarantee fund.

4.100. Apart from the requirements that insurance companies take the legal form of limited companies and that at least 30% of the capital be domestic, these regulations contain no market access or national treatment restrictions on commercial presence within the meaning of the GATS, in other words, restrictions, whether discriminatory or not, on the number of suppliers, the value or volume of services, the assets of providers, the number of employees, and the reservation of certain advantages, such as land ownership, subsidies or tax advantages, to national providers alone.

4.101. Article 3 of Decree No. 6/01 of 2 March 2001 requires a 30% national retention of premiums by insurance companies in the reinsurance subsector, but no Angolan reinsurance company has so far been set up. There are plans to do so by the end of 2015.

4.102. Angolan companies may underwrite risks abroad, provided that this is permitted under the laws of the country concerned. Foreign companies, on the other hand, may not cover risks located in Angola. Tariffs are regulated by Decree No. 58/02 of 5 December 2002. Insurance is mandatory

in Angola for occupational accidents and third-party liability in respect of motor vehicles and aviation.

4.103. In the realm of pension funds, there were 5 companies managing 23 authorized funds in 2010, of which 20 were operational. One of these companies, Fenix Pensões SA, is state-owned. One company, Besaactif, has foreign interests in its share ownership and is 35% owned by the Portuguese company Espírito Santo Participações. In 2014, these funds were worth AOA 72,219 billion, or roughly US\$738 million, of which 4.42% consisted of open funds and 95.58% closed funds. In essence, the pension funds manage the retirement savings of employees of the large industrial companies operating in Angola, particularly but not exclusively in the oil sector (Port of Luanda employees, for example, benefit from a similar retirement savings scheme). The number of beneficiaries is estimated at some 20,000.<sup>45</sup>

4.104. The basic regulations on pension funds are to be found in three relatively old decrees: Decree No. 25/98 of 1998 approving the regulation of pension funds in Angola, Executive Decree No. 16/03 of 2003 approving the operating rules for pension fund managers, and Decree No. 9/03 of 2003 approving the rules governing the guarantee fund, its establishment, its calculation method and its solvency margin and on solvency reporting and bookkeeping requirements, as well as the rules on the valuation of pension fund assets. These regulations contain no market access and national treatment restrictions on commercial presence within the meaning of the GATS, in other words, restrictions, whether discriminatory or not, on the number of suppliers, the value or volume of services, the assets of providers, the number of employees, legal forms, foreign participation and the reservation of certain advantages, such as land ownership, subsidies or tax advantages, to national providers alone.

#### 4.4.3 Transport

##### 4.4.3.1 Maritime transport

4.105. The following table sets out the main economic indicators for Angola's maritime transport sector.

**Table 4.4 Main maritime transport indicators, 2010-2014**

(US\$ million, unless otherwise stated)

	2010	2011	2012	2013	2014
Exports <sup>a</sup>	..	..	..	..	..
Imports <sup>a</sup>	2,913	3,439	4,255	4,551	..
Liner Shipping Connectivity Index	10.7	11.3	13.9	13.8	19.3
Merchant fleet owned ('000 dwt)	..	..	..	..	6
Registered merchant fleet ('000 dwt)	52	312	312	312	..

.. Not available.

a Data based on the BPM6 methodology.

Note: dwt = deadweight tons.

Source: WTO-UNCTAD trade in services database, based on OECD, IMF, EUROSTAT, UNSD and national data, April 2015. EUROSTAT, UNCTAD, <http://unctadstat.unctad.org>, Clarkson Research Services as from 2011 (through UNCTAD).

4.106. In 2010, Angola's merchant fleet ranked 123<sup>rd</sup> worldwide in terms of tonnage, with seven vessels of over 1,000 deadweight tonnes (dwt) registered under its flag. The fleet comprises a cargo vessel, a chemical tanker, two mixed cargo passenger vessels, one roll-on-roll-off ship and two oil tankers. One of these vessels is owned by foreign interests, Spanish in this case. For the most part, these vessels are used for cabotage and regional traffic. Angola also owns 17 vessels registered under foreign flags: 6 in the Bahamas, 2 in Curaçao, 1 in Cyprus, 1 in Liberia and 7 in Malta.

4.107. The bulk of the containers imported into Angola and of its oil product exports are transported by foreign ship-owners under third-party flags. This accounts for the absence of

<sup>45</sup> BMI research (2015).

maritime cargo exports of statistical significance for Angola and the relative significance of maritime cargo imports, as shown in Table 4.4 above.

4.108. The instruments on cargo reservation pursuant to the United Nations Code of Conduct for Liner Conferences and described in Angola's previous TPR, in particular Decree No. 19/94 of the Council of Ministers of 20 May 1994, Joint Executive Decree No. 68/95 of the Ministries of the Economy and Finance and Transport and Communications, and Resolution No. 24/00 of 17 October 2000 of the Standing Committee of the Council of Ministers are still in force. They were supplemented by Presidential Decree No. 143/10 of 6 July 2010 and Joint Executive Decree No. 110/15 of 13 March 2015. All these texts designate the majority state-owned enterprise Secil Marítima as the beneficiary of the cargo reservation scheme.

4.109. In practice, however, Secil Marítima has not engaged in any maritime activities in recent years. This situation should soon change following the conclusion of a joint-venture agreement with the Italian/Swiss ship-owner MSC with a view to establishing a fleet for transporting this cargo. In the meantime, all cargo moving to and from Angola is transported by foreign ship-owners subject to the following conditions: Interested ship-owners must register with the National Shippers' Council, which delivers a shipment certificate (or cargo tracking note) against payment of a fee. The fee schedule is as follows: US\$0.05 per tonne of liquid cargo, US\$5 per tonne of dry bulk or sugar, US\$100 per 20-foot or refrigerated container and US\$200 per 40-foot container. Oil products are exempt from these fees.

4.110. Angola has six main ports, namely, Luanda, Lobito, Cabinda, Namibe, Soyo and Amboim. Table 4.5 details the traffic for each of these ports in terms of container movements and tonnes loaded and unloaded for the year 2014.

**Table 4.5 Traffic at the main ports, 2014**

Port	Number of containers	Tonnages
Luanda	324,981	8,876,142.82
Lobito	43,676	1,859,234.13
Cabinda	17,865	420,698.20
Namibe	15,176	473,236.34
Soyo	1,866	119,162.92
Amboim	185	124,710.37

Source: Angola National Shippers' Council (CNC).

4.111. The container terminals at the ports of Luanda and Namibe are run under a 20-year concession by an Angolan-Danish company, Sogester, which was created specifically for the purpose. The container terminal at the port of Lobito is in the process of being put out to concession as well and is the subject of competitive bidding between international operators.

4.112. Reconstruction work done since the end of the civil war has led to a rapid rise in traffic at the port of Luanda - a tenfold increase between 2000 and 2010. The result has been congestion at the port, which also doubles up as port of transit for the Democratic Republic of the Congo, Zambia and Zimbabwe. To relieve this congestion, a port equipment upgrading programme, involving both public and private investment, was launched in 2010. Nonetheless, the specialized literature indicates that Angola's ports continue to perform below the regional average in terms of speed of goods movement and customs clearance times. These delays are in part attributable to financial constraints on the part of importers, which expect to be paid before moving the goods out of the port area. This situation explains why, despite the road and rail distance (2,100 km from Luanda) and customs clearance problems, the Namibian port of Walvis Bay continues to play a significant role in Angola's foreign trade. There are plans to build a new container port at Barra do Dande, north of Luanda.

#### **4.4.3.2 Air transport**

4.113. Table 4.6 shows the main economic indicators for Angola's commercial civil aviation sector.

**Table 4.6 Air transport, 2010-2014**

(US\$ million, unless otherwise stated)

	2010	2011	2012	2013	2014
Exports	43	26	22	25	..
Imports	176	191	184	209	..
Freight (million tonnes/km)	48	51	71	83	..
International freight (million tonnes/km)	47	50	70	81	..
Passengers (million/km)	2,706	2,533	3,117	3,492	..
International passengers (million/km)	2,341	2,164	2,732	3,055	..

.. Not available.

a Data based on the BPM6 methodology.

Source: WTO-UNCTAD trade in services database, based on OECD, IMF, EUROSTAT, UNSD and national data, April 2015. International Civil Aviation Organization (ICAO) and EUROSTAT.

4.114. Angola has one international airport, but the Cabinda and Lubango airports can also receive international flights if required. There are 13 local airports capable of handling commercial aircraft. Except for a few mining or local airports, most of these airports are owned and managed by a state-owned enterprise (*empresa pública*), the National Enterprise for Airport Operations and Air Traffic Control (ENANA), which also provides air traffic control services for all Angolan airports. Under Law No. 5/02 of 2002 delimiting the sectors of economic activity, airports (including terminals) form part of the absolute state reserve.

4.115. Luanda International Airport (LAD) is the country's main airport. It is soon to be replaced by a new one, the Angola International Airport, also located in Luanda. Several service activities at Luanda Airport have been contracted out to the private sector. These include cleaning, security, parking and duty-free shops. The national airline, TAAG Angola Airlines, has contracted out baggage handling and catering.

4.116. The following regulatory regime applies to the sectors covered by the GATS Annex on Air Transport. There are no aircraft repair and maintenance workshops established in Angola and certified by the United States Federal Aviation Administration and/or by the European Air Safety Agency (EASA). There are no particular restrictions on computer reservation services and providers are free to enter into partnerships with airlines and travel agencies. Nor are there any restrictions on ticket sales by airline companies.

4.117. As regards ground-handling services, self-handling and mutual assistance are not allowed. Airlines must contract the services of local ground-handling companies. Apart from TAAG and ENANA, there are independent providers such as Ghassist and Bestfly.

4.118. Angola's national airline, TAAG Angola Airlines (*Linhas Aéreas de Angola*) was founded in 1938 and renamed in 1973. It obtained the status of national carrier in 1975. TAAG is 100% owned by the Angolan State and classified as a state-owned enterprise. At the end of March 2015, its fleet consisted of 141 aircraft (plus two on order). TAAG recorded a 2012 turnover of US\$650 million. TAAG serves 28 destinations including 13 domestic ones, 11 in other African countries, 3 in Latin America, 2 in continental Europe and 3 in the Middle East and the Asia-Pacific region. TAAG was restructured in 2009, in particular following a flight ban in the European Union. The ban has since been partially lifted, in stages and subject to conditions. In September 2014, TAAG signed a ten-year management agreement with Emirates Airlines, which also covers code-sharing and customer loyalty programmes. There are no current plans for capital share acquisitions.

4.119. Among other subsidiaries, the state oil company Sonangol owns an airline company, SonAir, which specializes in the transport of oil industry-related passengers and goods. SonAir plies mainly domestic routes. The company has contracted out Houston Express to Atlas Air. Houston Express is a charter service operating between Luanda and Houston to facilitate the movements of oil industry personnel.

4.120. Angola is also served by airlines from the following countries: Belgium, Ethiopia, France, Gabon, Germany, Kenya, Morocco, Mozambique, Namibia, the Netherlands, Nigeria, Portugal, South Africa, Turkey, the United Arab Emirates and the United Kingdom.

4.121. Services to and from Angola are governed by a series of bilateral air services agreements (ASAs), of which the main features, organized in accordance with the WTO Secretariat's QUASAR analytical tool for assessing the degree of liberalization of ASAs<sup>46</sup>, are set out in Table 4.7.

**Table 4.7. Air transport agreements**

Country	Date	Effective date	5 <sup>th</sup>	7 <sup>th</sup>	Cabotage	Cooperation	Name	Withdrawal	Tariffication	Capacity	Statistics
South Africa	09.04.2009		Y	N	N	Y	M		DA		Y
Germany	21.03.2014		Y	N	N	Y	S		DA	PD	Y
Belgium	26.10.2010		Y				S			PD	Y
Botswana	27.04.2011			N	N	N	M			PD	Y
Brazil	18.03.2009			N	N	N	N		PD	PD	Y
Cameroon	24.04.2011		N	N	N	Y	..				Y
Cabo Verde	07.05.2004		Y	N	N	N	M	..	..	..	Y
Congo	31.03.2015		Y	N	N	N	M	..	..	..	Y
China	17.02.2008		N	N	N	N	M	SOEC	DA	PD	..
Cuba	18.05.1976		N	N	N	N	S	SOEC	DA	PD	..
Egypt	26.11.2010		Y	N	N	N	S	..	..	..	Y
Spain											
United Arab Emirates	12.12.2007		Y			Y	S	..		PD	
Ethiopia	20.05.1977		Y	N	N	N	S	..	..	..	N
France	14.06.1976		N	N	N	N	..	..	..	..	N
Russian Federation	15.03.1976		N	N	N	N	S	SOEC	DA	PD	N
Gabon	04.04.2013		N	N	N	N	S	..	..	..	N
Equatorial Guinea	16.02.2016	10.06.2014	N	N	N	Y	S	..	..	PD	Y
Guinea-Bissau	03.05.2007		N	N	N	N	S	..	..	..	Y
Italy	10.04.1976		N	N	N	N	S	SOEC	DA	PD	N
Kenya	10.09.2014		N	N	N	N	M	..	..	..	N
Morocco	03.10.2010		Y	N	N	Y	..	..	..	..	Y
Mozambique	28.08.2014		N	N	N	N	..	..	..	..	Y
Namibia	20.03.1996		Y	N	N	N	..	SOEC	DA	PD	Y
Nigeria	10.06.1976	18.11.2010	Y	N	N	N	..	..	..	..	Y
Netherlands	..	..	..	..	..	..	..	..	..	..	..
Portugal	14.10.2010		Y	N	N	N	M	..	..	..	Y
Central African Republic	29.10.2010		Y	N	N	N	N	..	..	..	Y
Democratic Republic of the Congo	17.01.2005		Y	N	N	N	M	..	..	..	Y
United Kingdom	16.10.2002						M	..			
Sao Tome and Principe	30.11.2005		N	N	N	N	S	..	..	PD	Y
Turkey	28.02.2014		N	N	N	N	..	..	..	PD	Y
Zambia	27.03.2014		Y	N	N	N	M	..	..	PD	Y
Zimbabwe	30.04.2013		Y	N	Y		S	..			

Note: DA = Double Approval; M = Multiple; N = No; Y = Yes; PD = Pre-determination; SOEC = Substantial Ownership And Effective Control; S = Single.

Source: ICAO WASA database, WTO ASAP database, and information provided by the Angolan authorities.

#### 4.4.3.3 Rail transport

4.122. Rail transport services in Angola, including suburban services, are provided by three state-owned companies that manage three separate networks: Luanda Railways (*Empresa do Caminho de Ferro de Luanda* (CFL)), Benguela Railways (*Empresa do Caminho de Ferro de Benguela* (CFB)) and Moçâmedes Railways (*Empresa do Caminho de Ferro de Moçâmedes* (CFM)). These networks are not yet linked up with those of neighbouring countries but there are plans in that regard. Table 4.8 sets out the main features of these three networks for the year 2014. According to the authorities, current traffic figures reflect just about 10% of potential traffic, owing to the state of the network and ongoing refurbishing work.

<sup>46</sup> See WTO document S/C/W/270/Add.1.

**Table 4.8 Main features of the three rail networks**

4.123. Indicators	CFL	CFB	CFM	Total
Passenger traffic	3,481,978	326,734	133,243	3,941,957
Tonnage of goods	50,775	20,000	26,910	97,685
Length of network	..	..	..	2,700
Number of employees	942	1,443	1,468	3,853

.. Not available.

Source: Information provided by the authorities.

4.123. The institutional framework for rail transportation was revised in 2010 under Presidential Decree No. 195/10 of 2 September 2010. The reform foresees the creation of an independent regulator, the changing of the status of the three companies into public companies, and in the medium term, vertically unbundling (institutionally, operationally and in terms of bookkeeping) the three transport companies and the three infrastructure management companies, then merging the three infrastructure managers into one, with a view to interconnecting and unifying the three networks.

4.124. The reform is also intended to lay the groundwork for the entry of the private sector into rail transport operations, through public-private partnerships in the form of concessions that include investment obligations or through the partial or full privatization of the railway companies. A usage tax representing the toll for use of the network will be introduced for the benefit of the infrastructure management companies, which will remain public enterprises (whether state-owned enterprises, limited companies with public capital or public corporations). The reform also lays down public service obligations (that of providing transport – even in unprofitable market segments – tariff obligations and minimum service obligations) as well as the rules on the setting of the related remuneration for transport companies.

4.125. The independent regulator, the Angola National Railway Institute (INCFA) was set up under Executive Decree No. 144/10 of 10 July 2010. As a body with legal personality and administrative and financial autonomy, INCFA is responsible for the technical and economic oversight of the railway sector, monitoring and inspecting the activities of companies in the sector, the quality and safety of services, the drafting and conclusion of concession contracts, supporting the Ministry of Transport in developing a rail transport strategy particularly as concerns the geographical development of the networks, determining the conditions of access for private enterprises to rail transport activities and rail network infrastructure, and for setting and reviewing the infrastructure usage tax. INCFA is also responsible for submitting tariff proposals to the Ministry of Transport.

4.126. A series of 2010 presidential decrees changed the status of the three railway companies from state economic unit (*unidade económica estatal*) to state-owned enterprise (*empresa pública*).<sup>47</sup>

4.127. The rules on the setting of remuneration in respect of public service obligations were laid down in Presidential Decree No. 131/10 of 8 July 2010. Such remuneration will be governed by public service contracts.

4.128. Lastly, Presidential Decree No. 147/10 of 20 July 2010 classifies the entire rail network infrastructure as public state property. This classification also encompasses goods used by any concessionaire, which must at all events revert to the public domain at the end of the concession term.

#### 4.4.3.4 Road transport

4.129. In its infancy at the time of independence, Angola's road network fared badly during the civil war owing to lack of upkeep, direct damage and mines. This affected bridges most of all. Substantial investment has been made since the end of the civil war (US\$2.8 billion between 2005 and 2009), of which almost two thirds went to maintaining and overhauling the network. The road network covers 62,456 km, though only a small part of it is sealed.

<sup>47</sup> Presidential Decrees No. 149/10 of 21 July 2010 for Moçâmedes Railways, No. 150/10 of 21 July 2010 for Benguela Railways and No. 121/10 of 2 July 2010 for Luanda Railways.

4.130. The bulk of the traffic is concentrated around Luanda, and traffic levels are relatively low compared to the average for neighbouring countries. Even today, some parts of Angolan territory are still inaccessible by road. The quality of the transport corridors is deemed to be poor, to go by specialized indicators and in particular the World Bank's Logistics Performance Index (LPI). This situation constitutes a bottleneck that is hindering Angola's development of regional trade with its neighbours, and preventing Angola's neighbours, particularly the landlocked ones, from making greater use of the port of Luanda.

4.131. Hence, Angola's road transport sector is still underdeveloped and largely informal. There are 336,000 registered commercial vehicles, the economic weight of road transport is put at 0.5% of GDP and the number of jobs in the sector at 10,000. The share of own-account transport activities is estimated to be 70%, with third-party transport service providers making up the remainder of the traffic. There are 80 formally licensed enterprises but many others operate without licences. Some 40% of these are owner-operator transport providers (independent drivers who own their own vehicles).

4.132. The sector's regulatory framework is laid out in General Law No. 20/03 of 2003 on land transport and in three Presidential Decrees on occasional passenger transport (No. 128/10), regular passenger transport (No. 154/10) and goods transport (No. 160/10). Licences are issued on the basis of three criteria: commercial capacity, professional capacity and financial capacity. A foreign transporter may also obtain such a licence provided that its share in the road transport enterprise does not exceed 50%. Road transport charges are state-regulated for regular collective passenger transport and taxis, but are unregulated for all other types of road transport, including cargo transport.

4.133. Angola has signed bilateral road transport agreements with three of its neighbours, namely Zambia, the Democratic Republic of the Congo and the Congo. These agreements do not permit cabotage by transporters from partner countries. Two of these agreements allow for the temporary setting of transit quotas or a limited number of licences.

#### 4.4.4 Tourism services

4.134. Table 4.9 shows the amount of tourism services exports and imports (Balance-of-payments item "Travel")<sup>48</sup> for Angola during the most recent years for which statistics are available.

**Table 4.9. Tourism services imports and exports, 2010-2013**

(US\$ million)

	2010	2011	2012	2013
"Travel" exports	719	646	706	1,234
"Travel" imports	148	180	159	166

Note: Data based on the BPM6 methodology.

Source: WTO-UNCTAD trade in services database, based on OECD, IMF, EUROSTAT, UNSD and national data, April 2015.

4.135. Angola received 594,000 foreign tourists in 2014. The sector employs a total of 202,800 people, of whom 89,000 in the hotel industry, 98,500 in the restaurant industry, and 15,300 corresponding to travel agencies, tour operators and tourist guide services. To date there are 183 classified hotels, which in 2014 totalled 3.5 million overnight stays, representing a turnover of AOA 66 million or some US\$6 million. In 2014, there were 4,785 establishments serving food and beverages, for which total turnover was AOA 59 million, or about US\$5 million. In that same year, there were 132 travel agencies or tourist booking services operating in the

<sup>48</sup> "On the credit side, travel covers goods and services purchased by non-residents in an economy for their own use or as gifts during their stay in that economy. On the debit side, travel covers goods and services purchased by residents of one economy in other economies for their own use or as gifts during their stay in those economies. Goods and services may be bought by the persons concerned or by a third party on their behalf: for example, business travel may be paid for or reimbursed by an employer, a student's matriculation fee and living expenses may be paid by the State, or health expenses defrayed or reimbursed by the State or by an insurer. Goods and services provided free of charge by the producer are also classified under this item, for example courses and board offered by a university."

country, with a cumulative turnover of AOA 32 million or roughly US\$3 million. Tourism is still an infant industry and holds considerable potential for growth once the country's transport infrastructure is fully restored.

4.136. The sector is subject to nationwide regulation. From an institutional standpoint, the two basic texts are Presidential Decrees No. 144/13 of 30 September 2013 approving the regulatory framework for the Ministry of Hotels and Tourism (Minhotur) and No. 73/15 of 23 March 2015 approving the regulatory framework for Infotur, the Angolan Tourist Board. The general tourism policy framework has just been revised through a new law recently adopted by the National Assembly but not yet promulgated or published. It will replace the previous texts (Resolution No. 7/97 of 20 June 1997 approving the national tourism policy and Resolution No. 9/97 of 27 June 1997 approving the sectoral strategy for the hotel and tourism industries.

4.137. The hotel industry is governed by three texts, namely Decree-Law No. 66/75 of 25 June 1975 on the establishment, classification, discipline and operation of hotels and similar establishments, Decree-Law No. 6/97 of 15 August 1997 on the use of the country's tourism resources and the operation of the hotel and related industries, and Joint Executive Decree No. 94/99 of 13 August 1999 on hotel and tourism licence fees.

4.138. Apart from the obligation to employ a maximum of local staff (the proportion being determined based on the scale of the project), local staff training obligations applicable only to foreign enterprises and the reservation of subsidies exclusively to Angolan operators, these regulations contain no market access or national treatment restrictions on commercial presence within the meaning of the GATS, in other words, restrictions, whether discriminatory or not, on the number of suppliers, the value or volume of services, the assets of providers, legal forms, foreign participation and the reservation of certain advantages, such as land ownership, to national providers alone.

4.139. The restaurant industry is governed by Joint Executive Decree No. 23/15 of 23 January 2015 on "the provision of restaurant and similar services". Apart from the obligation to employ a maximum of local staff (the proportion being determined based on the scale of the project), local staff training obligations applicable only to foreign enterprises and the reservation of subsidies exclusively to Angolan operators, these regulations contain no market access or national treatment restrictions on commercial presence within the meaning of the GATS, in other words, restrictions, whether discriminatory or not, on the number of suppliers, the value or volume of services, the assets of providers, legal forms, foreign participation and the reservation of certain advantages, such as land ownership, to national providers alone. Licences are awarded on a non-discriminatory basis.

4.140. Travel agencies and tourist booking services are governed by Decree No. 54/97 of 1 August 1997 on rules relating to the establishment and operation of travel agencies. Apart from the obligation to set up a company under Angolan law, that of employing a maximum of local staff, and local staff training obligations applicable only to foreign enterprises, these regulations contain no market access or national treatment restrictions on commercial presence within the meaning of the GATS, in other words, restrictions, whether discriminatory or not, on the number of suppliers, the value or volume of services, the assets of providers, foreign participation and the reservation of certain advantages, such as land ownership, to national providers alone, as well as the reservation of subsidies exclusively to national operators.

4.141. Lastly, tourism guide services have not been regulated so far.

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