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## TRADE POLICY REVIEW

ANGOLA

### MINUTES OF THE MEETING

*Chairperson: H.E. Mr Atanas Atanassov Paparizov (Bulgaria)*

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**1 INTRODUCTORY REMARKS BY THE CHAIRPERSON**

1.1. The second Trade Policy Review of Angola was held on 22 and 24 September 2015. The Chairperson H.E. Mr Atanas Atanassov Paparizov (Bulgaria) welcomed the delegation of Angola headed by H.E. Minister Rosa Escórcio Pacavira de Matos, Trade Minister; H.E. Ambassador Apolinário Jorge Correia, Permanent Representative of Angola to the WTO; the rest of the delegation from Angola; other colleagues from the mission in Geneva; and the discussant, H.E. Ambassador Xavier Carim (South Africa).

1.2. The Chairperson recalled the purpose of the Trade Policy Reviews and the main elements of the procedures for the meeting. The report by Angola was contained in document WT/TPR/G/321 and that of the WTO Secretariat in WT/TPR/S/321.

1.3. Questions by the following delegations had been submitted in writing before the deadline of 5.30 pm on 8 September and had been transmitted to the delegation of Angola: Canada; Republic of Korea; Brazil; Australia; European Union; China; Chile; United States; and Norway. The following delegations submitted written questions after the deadline: Colombia; Ecuador; Argentina; and Thailand. These questions had also been transmitted to the delegation of Angola.

1.4. The Chairperson was pleased to note that Angola was overcoming the consequences of several decades of socio-political crises and was graduating from LDC status. Its post-civil war recovery, with double digit economic growth over 2006-2008, had been supported by rising world prices of commodities and significant public investment, mainly in infrastructure, including utilities. Indeed, offshore oil activities remained the main pillar of the Angolan economy, notwithstanding the recent decline in world prices. The country was the second largest producer of oil in Sub Saharan Africa and deep-water exploration of its coast could reveal additional reserves. It was also among the world's leading producers of diamonds; its diverse subsoil resources had not yet been fully explored and evaluated. Likewise, Angola's huge potential in agriculture remained largely unexploited, even if the sector was estimated to be the main source of revenue for about one third of the population.

1.5. Recent external shocks, including the global economic crisis and the drop in commodity prices had, however, triggered an economic slowdown and had highlighted that diversification was crucial for sustained growth of the Angolan economy. For diversification purposes, Angola had adopted various programmes, including the National Development Strategy and "Angola Investe", with a view to modernizing its economy and achieving sustainable development.

1.6. Angola had implemented various trade reforms: it had, *inter alia*, eliminated its pre-shipment inspection system; computerized its main customs posts; and merged all fiscal administrations into a General Fiscal Agency. However, Angola had also implemented a number of measures aimed at import substitution. In fact, its applied tariff rates had been significantly increased and ranged from 2% to 50%, with a simple average of 10.9%, up from 7.4% in 2005. As a consequence, on 31 tariff lines, applied rates exceeded the bound levels by up to 35 percentage points. Various other duties and charges were also levied on imports. An import prohibition applied to cement, and various agricultural products were eligible for an import quota regime, which was yet to apply.

1.7. State-owned enterprises operated in almost all economic activities; in particular, the oil, electricity and diamond industries mostly remained under State monopoly. Moreover, driven by offshore oil activities, Angola's high economic growth had not created enough jobs, and unemployment remained high at around 25%.

1.8. Angola was an original Member of the WTO; it was encountering difficulties to meet its notification requirements under the WTO Agreements. As part of its diversification strategy, Angola participated in the Economic Community of Central African States (ECCAS) and the Southern African Development Community (SADC), but had not yet granted any tariff preferences to its trading partners.

1.9. The Chairperson noted that it would be interesting to hear how Angola planned to address these various challenges.

1.10. The Chairperson was sure that these topics and themes, and many more, would be touched upon in greater detail at the deliberations on the first and second day of the meeting.

1.11. The Chairperson closed his introductory remarks by wishing Angola a very successful second Trade Policy Review. He looked forward to its active engagement in this TPR.

1.12. He also noted that a podcast would be made of the meeting which could be accessed on the Members' website.

1.13. Before giving the floor to the head of the delegation of Angola, the Chairperson informed Members that the Secretariat of the Southern African Customs Union (SACU) wished to be allowed to observe the TPR meeting on its member countries. Indeed, the SACU Secretariat did help its member States and the WTO Secretariat in the preparation of the TPR of its member countries scheduled for 4 and 6 November 2015. Therefore, if there were no objections, the Chairperson suggested that the SACU Secretariat be allowed to observe the TPR meeting on its member countries on an ad hoc basis. It was so decided.

**2 OPENING STATEMENT BY THE REPRESENTATIVE OF ANGOLA (H.E. MINISTER ROSA ESCÓRCIO PACAVIRA DE MATOS)**

2.1. Allow me on behalf of the Angolan delegation to thank for the warmly welcome to Switzerland and particularly here to the WTO where we discuss social, economic and trade issues affecting the global economy

2.2. Angola attaches great importance to the second Trade Review Policy and thanks the WTO Secretariat, in particular His Excellency Mr Roberto de Azevêdo, WTO Director General, for the efforts made to organize the Angola TPR.

2.3. We are honoured for the interest showed by WTO Members for the Angola trade policy review, which will contribute for more active participation in the multilateral trading system with the observance of the WTO principles.

2.4. Since its first Trade Policy Review in 2006, the Republic of Angola has continued to experience remarkable economic growth. At the political, economic and social, the country adopted, in 2010, a new Constitution that ensures political and economic stability, based on respect for individual freedom and collective citizens as well as the promotion of free economic and entrepreneurship and economy market based on the principles and values of healthy competition, morality and ethics.

2.5. During the preparation of its trade policy review, thirteen Members addressed more than a hundred and forty written questions to the Government of Angola, we appreciate the interest in particular to know the current situation of my country and thus take this opportunity to inform that the Government of Angola has already formulated their writing.

2.6. The worldwide trading activity has shown a slowdown, justified by the volume of the drop in exports of goods and services from 3.6% in 2013 to 3.3% in 2014, despite the slight increase in exports in developed economies (3.1% in 2013 to 3.3% in 2014) most notably the United States.

2.7. On the other hand, there was a slight increase in imports of 3.3% in 2013 to 3.4% in 2014, explained by the combination of import growth in advanced economies (2.1% in 2013 to 3.3% for 2014) and weak demand for imported products in emerging and developing economies (3.7% in 2014).

2.8. Several factors contributed to the weakening of trade and production in 2014, the fall in commodity prices, the decline in imports in Latin America, the slowdown in exports in Asian markets, including the continuing impact of the recession in the Eurozone.

2.9. Overall, the poor performance of world trade must be registered to trade in emerging and developing markets, which led to the maintenance of current account imbalances worldwide.

2.10. When it comes to global inflation in 2014, low commodity prices, such as crude oil and its derivatives, as well as food contributed to the recent decline of the change in the price index, positioning itself at 3.2 % for emerging economies, according to IMF data. In advanced economies, inflation is below expectations over the long term (1%), settling at 0.7%.

2.11. During 2014, the relevant inflation measures had an impact on the decrease of this indicator, having a core inflation advanced economies growing rates of less than 0.7% against the 1.3% recorded in 2013 despite continued declines in the rate unemployment.

2.12. Compared to 2013, inflation in the euro zone has fallen, from 1.3% to 0.9% in 2014, causing global inflation and core inflation (excluding unprocessed food and energy) fell below 1%, positioning itself at 0.2% at the end of 2014 while emerging and developing economies have seen their inflation rate reduced from 4.5% in 2013 to 3.2% in 2014.

2.13. The economies of sub-Saharan Africa (where Angola is positioned) inflation rate rose slightly, justified by the reduction of investment in infrastructure and its consequence on agricultural production leading to shortages of commodities.

2.14. In regard to interest rates, according to the IMF, deposit reference rates (London Interbank Offered Rate - LIBOR), six months in U.S. dollars were fixed at 0.3% in 2014. In addition, according to BBA (British Banker's Association), interest rates showed a stable behaviour, and in the euro area and Japan, the rates were fixed close to zero (0.2% on average).

### National economic context

2.15. In 2014, the national economy was marked by slowing growth at around 2%, compared to growth of 6.8% of global GDP registered in 2013. This weaker performance is a result of poor performance that marked the oil sector, with the fall of production level of crude oil of 626.3 million barrels per day in 2013 to 610.2 million barrels per day in 2014, down to 2.6%, compounded by the oil price fall by about 50% registered in the second half of the year.

2.16. On the other hand, the non-oil GDP slowed down by about 2.7%, going from 10.9% of GDP in 2013 to 8.2% in 2014, due to the observed decrease in the agricultural sector from 42.3% of GDP in 2013 to 11.9% of GDP in 2014 by the fall in the 34.4% of GDP energy sector in 2013 to 17.3% in 2014 and the slight decrease registered in the construction sector which increased from 8.1% of GDP in 2013 to 8% in 2014.

2.17. Between 2010 and 2013, the Angolan economy has increased considerably, with the GDP growth supported by positive fiscal balances, exchange rate stability and moderate inflation and in declining direction, this resulting from the coordinated management of fiscal, monetary and exchange rate policies.

2.18. In the four years leading up to 2014, Angola met macroeconomic stability phase, with the average growth rate of around 4.8% of GDP, low inflation and decreasing rate and exchange rate stability, interrupted by the sharp drop in oil prices associated with a slowdown in domestic production of oil, adversely affecting the performance of non-oil sector, the main source of Government Budget.

2.19. According to the 2014 Government Budget justification report, based on economic and social goals of the National Development Plan 2013-2017, the Government Budget 2014 was prepared with the forecast of real growth of gross domestic product (GDP mp) of 8.8%, an increase of 2% compared to 2013 (6.8%). However, preliminary data indicates closing of the fiscal year 2014 to less growth than 4.8%.

### Real sector

2.20. According to the latest data of 2014, the non-oil sector increased by 8.2%, while the oil marked a decrease of 2.6%. In this perspective, it is estimated that the nominal GDP has reached AOA 12.462,3 billion.

2.21. The good performance of non-oil sector was heavily influenced by the importance of the fisheries (19.1%), energy (17.3%) and agriculture (11.9%). Preliminary data points out a non-oil nominal GDP of AOA 8,158 billion, i.e. an increase of 11% compared to 2013.

2.22. In the year 2014, the oil sector was strongly affected by the decrease in physical production levels of crude oil, at about 2.7%, changing from 626.3% million bbl. to 610.2 million bbl., aggravated by price drop early in the second half of 2014, at which point it reaches its highest point of the year (US\$115/barrel) until settling at around US\$55.81 in December. During this period, the oil nominal GDP decreased about 11.9% from AOA 4,817.8 billion in 2013 to AOA 4,304.3 billion in 2014.

2.23. The diversification of the economic structure, expected to be achieved, will result on the gradual decrease in importance of the oil sector, the increase of the non-oil tax revenues, and the growth of non-oil exports through programmes aimed at stimulating domestic production, creating of priority clusters, as well as the creation of a strong national business community, particularly in terms of micro-, small- and medium-sized enterprises that generate employment and wealth to Angolans.

2.24. In this context, the Government has made investments focusing on the rehabilitation and development of infrastructure and the creation of a favourable macroeconomic environment for private investment in non-oil sector, and the implementation of a support to the development of policy across sectors the national economy.

2.25. Among the measures taken to promote entrepreneurship and private investment stand out the New Private Investment Law (Law No. 14/15 of 11 August), the Law on Public-Private Partnerships (Law No. 2/11 of 14 January), the Regulation of Law 30/11 of 13 September on the Micro, Small and Medium-sized Enterprises, the Small Business Support Program (PROAPEN), and the implementation of the Single Window Entrepreneurship (BUE).

2.26. In this regard, the Government has created programmes to facilitate the access of the productive sectors of the country to finance the costs to enable the economic viability of investments through the creation of an interest relief fund for micro-, small- and medium-sized enterprises, a fund guarantees to credit, and a venture capital fund for competitive projects at an early stage as well as the institutionalization of a credit insurance agency oriented management and control of credit risk in domestic and foreign markets.

2.27. In the medium and long term, an important element for the sustainability and ensuring strong money supply to local banks lies on the success of the diversification process of the national economy and the relationship between Angola and abroad within the competitive insertion of its economy in the international context since Angola almost only exports crude oil, which puts at risk the country's international reserves taking into account the volatility of the price of crude oil in the international market.

2.28. The supply of foreign currency to commercial banks is guaranteed by the central bank, the main provider of foreign exchange market and regularly conducts foreign currency sale, to meet the needs of economic agents. However, due to the reduction in country foreign exchange assets, as a result of the oil price fall, the capacity to timely respond to all demand, a situation which has contributed to some operations, has extended their time of execution.

2.29. Aware of this situation, the Central Bank has made adjustments on the foreign exchange market to gauge the supply and demand.

2.30. The increase of the country's foreign assets is another of the initiatives that the Government is taking over with emphasis on the use of other sources of external financing.

### **External sector**

2.31. The balance of payments information reflects the set of real and financial transactions carried out by Angola with the rest of the world during the year 2014.

2.32. In 2014, the reduction in exports of Angolan branches linked to the fall in oil production and reduction in the average price per barrel impacted negatively to the external position of the Angolan economy. Thus, the overall balance of payments showed a deficit, and this trend was driven mainly by the weak performance of the current account.

2.33. On the other hand, in 2014, imports of goods registered a growth in absolute terms to US\$1,744 million, corresponding to an increase of 6%, mainly motor vehicles and tractors (US\$784 million), boilers, machines, appliances and mechanical instruments (US\$677 million), imports made for specific purposes (US\$568 million), as well as cast-iron, iron or steel (US\$383 million).

2.34. Still, imports of some products decreased, with greater impact for fuels which fell by US\$515 million. Products with strength weight in imports were mostly used in the oil, energy and water, as well as in construction.

2.35. Imports of food products continue to have a growing picture in terms of volume, depending on demand, even in the face of low domestic production capacity of the main consumer goods.

2.36. As a result, the cost of imports in food prices stood at US\$4.026 million in 2014, an increase of 5% compared to the year 2013, where it stood at US\$3.845 million.

2.37. Still regarding imports, it is important to mention that Portugal continues to be the main country from which comes the majority of Angolan imports. For the year 2014, there was an import value fixed at US\$4.3321 million although with a slight decrease of 0.3% compared to last year, where there was a value in Portugal with imports valued at US\$4.333 million.

2.38. The high volume of imports in light of the Government of Angola financial capacities, and the National Development Plan 2013-2017 that guides the adoption of safeguards measures for products whose production capacity of the country covered over 60% of domestic consumption were the base of an Executive Decree defining standards to be observed in the process of import of goods. However, besides its adoption, it has not been implemented due to the need of bringing it into line with WTO rules on this matter. For this purpose, Angola has requested this year, technical assistance to the WTO.

#### **Foreign direct investment**

2.39. In this context, the Angolan Agency for Investment and Export Promotion (APIEX) was recently created, whose mission is to promote the potentiality, the legal framework, the business environment as well as the investment opportunities in the country.

2.40. The APIEX will be in charge of promoting and attracting investment as well as exports promotion. The performance of private investment will be at sectorial level. Each Ministerial Department will be in charge to review and approve investments of its area of activity.

2.41. In order to facilitate the conditions of access of investors and stimulate private investment, it has been created the Law on Public-Private Partnerships and the new Private Investment Law. And in this context, the Government has created several programmes designed to foster the emergence of micro-, small- and medium-sized enterprises, among which we highlight the Angola Invest Program, the Entrepreneurship Promotion Program, the Credit Access Facilitation Program, the Support Program for Emerging Economic Activities, the Conversion of Informal Economy Program, and the Support Program to large companies and their integration into Enterprise Clusters.

2.42. In terms of foreign direct investment in Angola, there was an increase by about 8% corresponding to US\$15.538 million in the year 2014, given that for the year 2013 the country registered a value of US\$14.345 million, the year 2014 value is divided into US\$12.026 million related to capital inflows and US\$3.512 million related to reinvested earnings.

2.43. This flow, which was essentially no-financial private, relates to the execution of projects mainly linked to the oil sector.

2.44. The outflow of capital, both by the Angolan investment abroad as the foreign direct investment recovery from Angola, stood at US\$20.318 million, a decrease of 11% compared to the year 2013, where the country had a flow of US\$27.510 million.

2.45. As far as the new Private Investment Law (Law No. 14/15 of 11 August) is concerned, there is a distinction in terms of equal treatment. One big difference that stands out immediately is the fact that foreign investors are not conditioned to a lump sum to invest in Angola. However, the new Law provides tax incentives for private investments starting at US\$1 million, while domestic investors to take advantage of these incentives will have to invest the amount equal to or greater than KZ 50.000 million (Article 2 of the new Private Investment Law).

2.46. Another difference relates to the establishment by the new Private Investment Law of binding partnerships between foreigners and nationals for certain business sectors (electricity and water; hotels and tourism, transport and logistics, construction, telecommunications and information technology and media) where nationals must hold at least 35% of capital and effective participation in management (Article 9 of the new Law of Investment Promotion).

2.47. The new Private Investment Law does not change the provisions on the profits' repatriation. The profits and dividends transfer or repatriation abroad is a right granted to foreign investors under the combined provisions of Article 22 of Law No. 14/15 of 11 August - the Private Investment Law and Articles 239 and 326 of Law No. 1/04, of 13 February - the Companies Act, which is subject to the prior authorization of the National Bank of Angola, in accordance with Article 2 of the Notice No. 04/2003 of 7 February.

2.48. Article 22 of the Private Investment Law refers to transfer of profits and dividends clarifying that after implementing the project of private investment and on proof of their execution is guaranteed the investor the right to transfer abroad:

- a) The dividends or distributed profits;
- b) The proceeds of liquidation of its investments including capital gains, after payment of taxes due;
- c) Claims product; and
- d) Royalties or other compensation income from indirect investments associated with the transfer of technology.

#### **Private Direct Investment in the country**

2.49. In 2014, the National Private Investment Agency (ANIP) approved an investment portfolio in the amount of US\$9.209 million, a total of 206 projects, in which 185 were directly approved by ANIP, since its values was lower than US\$10 million, and 21 by the President given that the amount of those project reached US\$10 million. The projects approved are mainly from Europe, Africa, America and Asia.

2.50. As some Member wish to know the existing criteria in Angola's access to land by foreign investors, we would like to inform that, according to the Constitution of my country, the land is state-owned, co-existing with land that is originally recognized as in the case of private property. The State may transfer or grant the property of integrated land in their private domain (Article 5 of the Land Law No. 9/04 of 9 November).

2.51. According to Article 39 of the mentioned Law, natural persons, nationals or foreigners, or legal entities with primary or actual headquarters in Angola or abroad, may acquire rural land or integrated urban in the state domain, through the establishment by State of surface rights for a period not exceeding sixty years, renewable for successive periods under the law (Article 55 paragraph 1, point d) and 2 of that article).

2.52. Rural and urban land on which the State is entitled to surface intended to several purposes, among which, farm, livestock, forestry, mining, industrial, commercial, and housing (Article 3).

2.53. The general bases of the legal framework defined in the Land Law (Law No. 9/04 of 9 November) are contained in the Land Concession General Regulation approved by Decree No. 58/07 of 13 July of the Council of Ministers.

2.54. There is no other specific mechanism for Angolan investors. (Decree together, Article 34 and 42 of the Land Law). After obtaining the foreign investor status for the purpose of obtaining land rights, foreign investors and national investors enjoy the same rights and duties.

2.55. There is no special procedure for investment in agricultural land by foreigners. Under the Private Investment Law No. 14/15, a foreign investor presents the proposal to the Ministry of Agriculture. However, the new Private Investment Law provides in Article 11th, the Chief of Government can define a special treatment for agriculture, livestock, forestry and fisheries and their agro-industries and related.

2.56. Some Members asked for clarification on the design of work visas in Angola and, in this regard, we inform you that the deadlines for their authorization take place over a period of 30 days. The processing time depends solely on the presentation of the required documents.

2.57. The rule is that it must be used within 60 days after its issuance and it is valid for 12 months of stay in Angola, being extendable for two successive equal periods and enables the applicant to multiple entries in Angola and only make occupation for which the visa is issued and only for the company that requests it. It does not allow the holder to establish residence in Angola. The contracting company shall inform the competent authority of any change in contract length, for law enforcement purposes. Family members must apply for a Temporary Stay Visa.

### **Fiscal and monetary policy**

2.58. The ongoing tax reform in the country allowed the approval of the tax regulation package, which comprises: (i) the General Tax Code; (ii) the Code of Fiscal Executions; (iii) the Tax Procedure Code; (iv) Income Labour Tax Code; (v) the Industrial Tax Code; Tax Code on Capital Application; the Stamp Tax Code; and (vi) Regulation of Consumption Tax. It also provides for the implementation of the Integrated Tax Management and the reformulation of the Tax Justice System.

2.59. The Government has implemented fiscal policy, supported by a Supervisory Board Medium Term (MTFF), aligned with the National Development Program (NDP) from 2013 to 2017. This ongoing implementation of the new Customs Tariff, approved since January 2013, provides the application of rates according to WTO rules (Harmonized System) and bound tariffs for Angola. The new Customs Tariff should be reviewed, in principle, in the year 2017.

2.60. In 2014, the downward trend in inflation remained throughout the first half year having reached 6.89% in June to its lowest point of the year. In the second half, the inflation rate recorded an upward trend, until settling at 7.48% at the end of the period.

2.61. However, it was possible to comply with quite comfort the inflation target foreseen in the State Budget 2014 was found an accumulated variation in the price index of consumer 7.5%. Taking into account the fact that Angola is heavily dependent on imports of products for public consumption country, it is crucial to analyse the risk of importing inflation from the perspective of the Consumer Price Index (CPI) of the main trading partners of Angola.

2.62. For exchange rate in 2014, there was a depreciation in the national currency against the U.S. dollar. From December 2013 to December 2014, the exchange rate AOA/USD in the primary market on average recorded a depreciation of 2.1% of the national currency against the U.S. dollar.

2.63. However, there is currently looking for foreign currency (foreign exchange), seen in a context of slowdown in socio-economic activity in Angola, registered in 2014, led to pressures on the exchange rate, mainly in the informal market rate, compounded the shortage in supply of foreign currency.

2.64. The supply of foreign currency to commercial banks is guaranteed by the central bank, the main provider of foreign exchange market and which regularly conducts foreign currency sale sessions to meet the needs of economic agents. However, due to the reduction in foreign exchange assets of the country due to the oil price fall, declined to timely service capacity for all operations, a situation which has contributed to some operations have extended their lead times.

2.65. Aware of this situation, the Central Bank has made adjustments imposed on the foreign exchange market to gauge supply and demand. The increase of the country's foreign assets is another of the initiatives that the Government is taking. I finish with emphasis on the use of other sources of external financing.

2.66. The National Payments System (NPS) in Angola has undergone substantial modernization since its approval in 2000. Several milestones have been achieved since the beginning of the modernization process, the following highlighting:

- NPS - Framework and Implementation Strategy was approved (2000);
- Law of Angola Payment System, Law No. 05/05 of 29 July promulgated (2005);

- Launch of the RTGS, subsystem Payments Real Time (SPTR) (2005);
- Subsystem Launch Credit Transfer (STC) (2012);
- Launch of Electronic Check Clearing Subsystem (SCC) (2015).

2.67. The legal framework allows the creation of new financial services based on the powers of the Central Bank.

2.68. The regulation of the Angolan Financial System already applies some of the prudential guidelines set out in Basel II and Basel III. However, they are not being implemented all guidelines of Basel II and Basel III due to the characteristics, complexity and initial development of the Angolan market.

2.69. Regulators of the Angolan Financial System and, consequently, the Angolan banking system are aware of these issues and, in particular, the National Bank of Angola has been reflecting these concerns in their development and action plans.

2.70. Thus, the National Bank of Angola has a well-structured plan in relation to their regulatory developments or the prudential point of view and conduct, demonstrating ample capacity to meet the objectives set for the market.

2.71. In this regard, the Angolan banking system is converging on the practices of Basel and is making significant efforts to establish legal instruments within this framework in order to reduce the aforementioned structural deficiencies, in particular, among others, on the following relevant topics which will soon be published:

- Solvency ratio, regulatory and capital;
- Risk governance;
- Liquidity requirements;
- Stress tests;
- IFRS/IAS;
- Limitation of large exposures; and
- Provisions.

2.72. Moreover, in recent years, BNA has published several regulations with demanding application such as regulations on corporate governance, internal control, consolidated supervision and AML/CFT, which are being implemented by financial institutions.

2.73. In conclusion, the regulation of the Angolan Banking Sector has been undergoing continuous improvement in order to alleviate its remaining deficiencies and strengthen stability and confidence in the financial system.

2.74. Angola has been working on the implementation of these policies and measures relating to financial services:

- Support the creation of specialized institutions turned to the clearing, settlement and custody of securities;
- The reform of the banking systems and national insurance;
- Develop and expand access to micro-credit; and

- Securities market development with the creation of the Securities and Derivatives Exchange Commission and the Stock Exchange Angola ("the Securities Commission", "Angola Stock Exchange and Derivatives" - BODIVA).

### **External trade**

2.75. The SADC Trade Protocol was adopted in 1996 and entered into force on 25 January 2000. The Republic of Angola signed the SADC Protocol on Trade in 2002, ratified it in February 2003 through the Resolution of the National Assembly No. 5/03 of 25 February, and has deposited its instrument of ratification to the Executive Secretary of SADC. In the same year, Angola has also signed the 2007 amendments and the 2008 SADC Protocol on Trade clarifying certain aspects of rules of origin and safeguard measures, incorporating new annexes on the resolution of disputes between Member States and the sugar trade.

2.76. This is why we created a technical working group to negotiate the implementation of the SADC Protocol on trade that produced a road map for implementation of the SADC Free Trade Area by 2017.

2.77. Regarding the SADC Protocol on Trade in Services adopted in 2012, the Republic of Angola signed the 18 August 2015 at the Summit of Heads of State and Government of SADC in Gaborone, Republic of Botswana.

2.78. With the European Union, Angola has been preparing the general basis for the signing of the Economic Partnership Agreements (EPAs). In this context, it made up a Memorandum of Understanding called "The Joint forward Angola-European Union" which sets guidelines in various fields among them the question of economic growth and sustainable development as an important step in the context of the signature of these instruments.

2.79. The European Union has supported the National Development through the European Development Fund Plan (EDF) in key areas such as sustainable agriculture and vocational training. Both parties agreed to maintain an ongoing dialogue of high level with the next meeting scheduled later this year in Luanda (Angola).

2.80. Regarding the preservation of heritage and material, there is an ongoing process of accession by the Government of Angola to the Convention of Rome on the protection of the rights of performers, producers of phonograms and broadcasting organizations and the Berne Convention concerning the protection of literary and artistic works. It is expected that the accession will take effect in 2016.

2.81. Angola, who is a Member of the WTO since 23 November 1996, reaffirms its commitment to the Multilateral Trade System and to the trade liberalization, which deems beneficial to the growth, development and well-being of the population. However, it underlines the urgent and imperative that these benefits are shared equitably among all countries of the world.

2.82. We believe that the WTO can play an important role, not only in the reputation of the trade liberalization process in order to make it more organized, diversified and flexible, but also in implementing a framework based on the rules of world trade.

2.83. It was against this background that Angola joined the WTO and actively supported the launch of the multilateral trade negotiations round at the fourth WTO Ministerial Conference held in Doha (Qatar) in November 2001.

2.84. Angola underlines the importance of special and differential treatment as a fundamental component of the negotiations, which reflects the recognition of the diversity of WTO Members, the asymmetry of the economic importance of each Member and the need to make the economic benefits of the trading system are well distributed among all Members.

2.85. In this respect, the provisions on special and differential treatment should be reviewed in order to strengthen them and make them more effective in accordance with the mandate of the Doha Ministerial Conference of 2001. The rules should be improved to ensure that flexibility in the WTO does not become invalid due to the obligations imposed by other organizations.

2.86. Angola calls upon all Members to engage more, showing flexibility where it is possible, to obtain a satisfactory outcome for all in the next Ministerial Conference scheduled in December 2015 in Nairobi (Kenya). Thank you for your attention.

### **3 STATEMENT BY THE DISCUSSANT**

3.1. It is an honour to be the discussant for Angola's second Trade Policy Review. Let me take this opportunity at the outset to warmly welcome the very high-level Angolan delegation led by Minister de Matos to the meeting. Let me also thank you, Chair, and the Minister for your opening statements that have already set the tone for our meeting.

3.2. In my previous position at the Department of Trade and Industry in South Africa, I had the privilege to work with many colleagues in the Angolan Government over many years in a range of bilateral and regional engagements, as well as in the economic partnership negotiations with the European Union over ten years. This offered me some insights into Angola's trade policy, its broader economic policy and the range of challenges with which Angola continues to grapple.

3.3. Of course, like all of us, I benefitted from the reports prepared for this meeting by the Angolan Government and the WTO Secretariat. Clearly, there is a great deal of important detail in both reports and I thought to complement these with an intervention structured as follows: first, it would be useful to identify areas of economic progress in Angola; second, to highlight the main challenges and opportunities; third, to offer some perspectives on Angola's Trade Policy Regime; and, finally, to note some issues that appear to require more attention by the Angolan authorities. I think a lot of what I am going to say has been touched on already on one way or another by the previous speakers.

3.4. It is striking to recall that Angola emerged from around half a century of conflict only 13 years ago, it is a short period. The liberation struggle was followed by decades of internal conflict that destroyed infrastructure and devastated the economy and institutions of governance. This difficult history continues to weigh heavily on present circumstances, and should be kept in mind by all of us throughout this review process.

3.5. Against this background, the significant progress that Angola has made in many areas over the last 13 years is remarkable and commendable. Both reports observe the extent to which the Angolan authorities have managed to stabilize the macroeconomy:

- Inflation has been reduced from an average of 76% between 2001 and 2005 to 7.3% in 2014;
- After a devaluation of 35% between 2001 and 2006, the currency has been relatively stable, recording an average depreciation of 4.77% between 2008 and 2014. This stability has been achieved partly through the accumulation and consolidation of international reserves;
- The budget that has been in surplus since 2010, turned to a manageable deficit of 4.8% in 2014; and
- Public debt has been maintained at a sustainable rate of 36% of GDP.

3.6. Reform is underway to strengthen the tax system. The authorities are also working to strengthen systems of public financial management to ensure that budget commitments will continue to be met even in the face of the dramatic fall in oil prices, and its knock-on impact on revenues.

3.7. Economic growth from 2002 until 2007 was spectacular, reaching a peak of 22.6% in 2007 and laying a basis for the authorities to initiate a range of programmes for wider reform and modernisation of the economy. More recently, GDP growth has moderated over the current review period to an average of 5.6% but the steady growth of key services sectors including finance, banking, construction, retail, transport and communication constitute important developments in the economy. The services sectors now account for 22% of GDP and provide 39% of all jobs. Angola's financial sector is amongst the strongest in sub-Saharan Africa, with banking and insurance continuing to demonstrate good growth. Manufacturing too shows signs of steady expansion.

3.8. There are also positive developments in respect of foreign direct investment. In 2014, Angola was the second highest recipient of FDI in Africa. The Secretariat report observes that investment

in agri-business, in particular, is expanding vigorously. To encourage FDI into sectors other than oil and gas, the Secretariat report suggests more attention will be needed to improve the ease of doing business in Angola, and improving the business climate is clearly part of the Angolan Government's work in future, most notably in respect of its infrastructure development programme.

3.9. It is also noteworthy that the authorities have opened up the possibility for greater participation of foreign investors, including through public-private partnerships, in mining and other sectors to diversify the economy. Reductions in the time to set up enterprises, many new trade facilitation measures, the introduction of a new investment law, the establishment of special economic and industrial zones all signal efforts in this direction.

3.10. One of the interesting features of the investment regime, as observed in the Secretariat report, is the range of tax incentives and other advantages granted to foreign investors alongside important "developmental" requirements such as training and employment of Angolan nationals, establishing linkages to domestic producers, joint ventures and investment in social projects. The latter are important measures that aim to ensure the benefits of new investment are shared more broadly across Angolan society, as a contribution to more inclusive growth.

3.11. No doubt, enormous challenges remain. While Angola has made significant progress by almost halving its poverty rate since 2001, 37% of the population still remain poor, and despite significant and sustained economic growth, unemployment remains at a high of 25%. Again, while improvements have been registered, Angola ranks low on the UN's Human Development Index.

3.12. A point that comes up repeatedly in the Secretariat report is the constraint to Angola's economic diversification and development potential that arises from the infrastructure deficit. It is also clear that this challenge is fully recognized, and in its report, the Government outlines in some detail the attention being paid to build and upgrade infrastructure in energy, water, urban development, transport, health and education, amongst others.

3.13. Oil production and export have been the foundation of the Angolan economy for decades. The Secretariat report points out that in 2013, oil accounted for 47% of GDP, 96% of exports and almost 75% of government revenue. The revenue from oil exports has driven the growth of per capita income in Angola from less than US\$1000 in 2001 to US\$5706 in 2012. Oil revenues have financed the Government's efforts to upgrade infrastructure, promote economic diversification and improve on its human development indicators.

3.14. The 2008 global economic crisis, commodity price volatility and the recent dramatic decline in oil prices has undoubtedly had a major impact on Angola's economic growth and revenue prospects. However, these developments, if anything, should only reinforce Angola's commitment to economic diversification and more inclusive, sustainable economic development. This imperative is repeated many times in both the Secretariat and the Angolan Government reports.

3.15. Both reports also reaffirm what we already know: Angola has immense economic potential. The Secretariat observes significant potential in agriculture, fisheries, mining and energy (other than oil). With investment in infrastructure and with appropriate, effective and well-targeted government support, each of these sectors can provide new sources for growth and development in Angola in the future.

3.16. Let me now turn to the trade regime in Angola. The Secretariat report observes that the share of trade in Angola's GDP has fallen from over 100% before the global crisis to 77% in 2014. The decline in the share of trade in GDP alongside significant growth in nominal trade over the review period underscores that sources of growth in the Angolan economy are diversifying. Exports grew from US\$41.7 billion in 2007 to US\$71.6 billion in 2013, while the share of fuels in total exports increased from 94.1% to 96.1% over the same period. Angola's imports grew from US\$12.7 billion to US\$22.4 billion between 2007 and 2013, with a noticeable reduction in the import shares of transport equipment, non-electrical machinery, but significant growth in the import of food products.

3.17. The Secretariat report observes that since 2005, one third of all tariff lines in Angola have been raised, increasing the simple overall average tariff rate from 7.4% to 10% in 2014. One

should also note that increased protection has also been evident across the world in the wake of the global economic downturn. It is also significant to note that the Angolan authorities grant tariff concessions under its "investment promotion" regime that effectively grants duty-free access to 37.9% of all tariff lines. The report shows evidence of "mixed escalation" in the tariff structure where in average duties on raw materials are higher than those on semi-finished and finished products.

3.18. These statistics confirm that aside from oil, the Angolan economy continues to exhibit relatively low levels of domestic production, a high and growing import bill for a wide range of products, including in products where Angola should have a comparative advantage such as, for example, food production.

3.19. A supportive trade and tariff regime can assist in redressing this situation. In general, economic diversification requires deliberate and sustained policy actions that nurture industrial and agricultural value added production. This would involve identifying and targeting precisely those activities that the Government seeks to advance, and it requires the deployment of public and private resources to support innovation, entrepreneurship as well as the judicious use of tariffs and other forms of protection.

3.20. A judicious use of tariffs should not mean permanent protection to uncompetitive industries, but it should mean creating the space and time to allow such industries to develop, and to restructure in the face of global competition. It also means there should be no a priori or simplistic approach to tariff setting or adopting a low or high tariff policy. Instead, what may be required is a "strategic", properly sequenced and evidenced-based approach to tariff setting that, while respecting WTO commitments, supports diversification in ways that are more labour absorbing.

3.21. The same set of objectives would set the parameters for external trade arrangements. In general, Angola already has good access to international markets through various preference schemes and the challenge appears not to be one of access to markets but, rather, as we have said, building the capacity to produce a wider range of goods for export. As progress is made in this regard, Angola may see value in deepening its participation in regional trade arrangements, as a platform for future export growth, for enhancing its competitiveness and also to participate in the establishment and expansion of regional industrial value chains.

3.22. Let me now turn to what appear to be some urgent matters that have been identified both in the Secretariat report and in the questions posed by Members in advance of this meeting. These require attention since they touch on Angola's existing WTO commitments.

3.23. Questions are raised in regard to the report's finding that there are 31 lines in the Angolan tariff book in which applied rates exceed bindings. Questions are also raised in respect of import prohibitions and restrictions, notably the recent decree introducing quotas on various agricultural products, although we understand the latter has not been implemented. Less pressing perhaps, but still important are questions being raised in respect of obligations related to notifications on state trading enterprises, and the customs valuation and subsidies agreements. Members have also expressed an interest in Angola's standard setting mechanisms and their coordination as regards SPS and TBT matters. Some of the questions have already been addressed and I am certain the Angolan delegation will address all the questions posed by Members in the course of the TPR.

3.24. In conclusion, I think it would be fair to say that given Angola's difficult past, the country has made commendable strides over the last 13 years, and during the period under review, but continues to face wide-ranging developmental challenges. At the same time, it seems clear that Angola's huge untapped economic potential will only be realized by a sustained focus and through meaningful progress on its economic diversification strategy as set out in its National Development Plan.

3.25. I will end here by wishing Angola a successful second Trade Policy Review. Thank You.

**4 STATEMENTS BY MEMBERS****CANADA**

4.1. Canada recognizes both the great potential and the many challenges, including the global downturn in commodity prices that Angola faces in rebuilding the country to create prosperity for all of its citizens. After many years of conflict, we support the Government of Angola's objectives of diversifying its economy. We welcome the positive steps already taken to invest in infrastructure and to develop the agriculture and fisheries industries, as reflected in the 2013-2017 National Development Plan and the Government's long term strategic plan Vision 2025. Rebuilding infrastructure is key to enabling both domestic and foreign business and investor success. In particular, the Angolan economy needs to continue to build transportation infrastructure throughout the country – to efficiently move people, resources and products to where they are needed and to provide energy infrastructure to power both Angola's economy and its communities.

4.2. Permit me to add that, as Angola's National Development Plan notes, educating the workforce and making improvements in social infrastructure so that citizens can participate fully in a modern economy is also essential for implementing and sustaining robust investments in large and complex projects. A healthy and skilled local labour force ensures that the benefits of the growing economy are widely and equitably shared, and provides the additional benefit that it is a factor in attracting and maintaining foreign investment. Canada and Angola are linked in this regard, thanks to the Angolan professionals and students who come to Canada to obtain degrees in sectors such as oil and gas. We are proud of our strengths in this sector and in related skills development.

4.3. However, as our discussant highlighted and as reflected in the questions raised by many Members, Angola could improve its business climate and could make better use of trade policy in support of its economic agenda. I need not repeat the detailed inventory of measures that call for reform. Instead, I would suggest that while Angola has done relatively well at attracting foreign investment, and despite the recent reforms outlined by the Minister this morning, opaque regulatory processes and remaining discrimination in tariff and investment concessions continue to be a drag on the country's economy. This is evidenced by its poor results in the World Bank's "doing business" indicators. Transparency, predictability and adherence to international standards would help to increase investment and investor confidence.

4.4. As an LDC, Angola benefits from duty-free-quota-free market access in Canada and other markets. Ratifying and implementing the Trade Facilitation Agreement would support Angola's diversification efforts by helping its exporters take advantage of this market access and get their products to market more efficiently. Angola should also consider alternatives to its import substitution policy. For example, Canada has opted to support its manufacturing sector by autonomously eliminating tariffs on manufacturing inputs – more than 1,800 tariff lines, which makes domestic manufacturing of value-added products more competitive.

4.5. I congratulate Angola on the work it has put into its trade policy review. Canada looks forward to seeing Angola's trade continue to diversify with a view to building a prosperous country for its citizens. Canada stands by Angola to help realize its goal of sustainable and inclusive economic growth and we hope to continue to grow our relationship far into the future.

**REPUBLIC OF KOREA**

4.6. I am pleased to note that Korea and Angola have expanded their trade relations over the years, with bilateral trade reaching US\$1.9 billion in 2014. Korea was the fifth largest exporting country to Angola in 2013, accounting for 5.5% of Angola's total imports. Korea indeed hopes that its economic partnership with Angola will continue to grow and develop in the future.

4.7. Turning to Angola's economic trends, I wish to note that the Angolan economy is showing signs of recovery after its growth rate declined to 2.4% in 2009. Based on this economic upturn, in 2012, Angola's GDP growth stood at 5.2% and per capita GDP is estimated at US\$5,700, up from US\$1,000 in 2001. Given the global economic difficulties, these achievements are indeed impressive.

4.8. Despite this progress, Korea would like to provide a few brief comments on Angola's trade policies and practices where we find there is room for improvement.

4.9. First, we would put forward that Angola needs to reduce its high dependency on the oil industry. While we recognize the fact that Angola has made efforts towards diversification, oil products still account for 40% of GDP and over 95% of export earnings. Considering its price fluctuation risk and the limited nature of the oil industry, a further push for its economic diversification seems very much needed.

4.10. Second, we would like to touch on the lingering concerns over the complexity of the Angolan visa issuance system and frequent delays in issuing visas. In particular, it takes years for foreign investors to obtain labour visas, which makes it difficult for them to run long term businesses in Angola. In this regard, we encourage the Angolan Government to reform its visa issuance system and expedite related proceedings in such a way that will further enhance the predictability for businesses and promote investment.

4.11. Third, we have heard from many businessmen in Angola, both local and foreign, that some restrictions on cross-border currency transfers are causing unnecessary damage to commercial, economic and financial interests. These include high levies on transfers, delayed processing and prohibition of transfers for foreign service providers without labour visas. We urge the Angolan Government to fully address issues related to restrictions on transfers in a way that is consistent with the WTO rules, which will eventually contribute to creating an investment-friendly environment to foreign investors.

4.12. Fourth, as pointed out in the Secretariat report, Angola has not notified the WTO of its state-trading enterprises according to Article 17 of the GATT even though State involvement in the economy remains extensive particularly in the areas of oil, diamond and electricity. We would like to request Angola to notify its state enterprises to the WTO in order to enhance the transparency of its scheme.

4.13. It is our hope that Angola will continue to actively participate in strengthening the WTO multilateral trading system. We also hope that Angola will submit Category A commitments and acceptance of the instrument preferably by the MC-10.

## BRAZIL

4.14. It is a matter of great satisfaction for Brazil to participate in the second TPR of Angola. Our two nations are intrinsically connected by history, heritage, language, a shared culture and bonds of friendship, and our cooperation encompasses a myriad of areas. A strategic partnership was launched in 2010 and translates into finding expression in a growing number of joint economic, investment and technical cooperation undertakings.

4.15. Brazil was the first member of the international community to recognize Angola's independence on 11 November 1975. This gesture – a landmark in the Brazilian foreign policy towards Portuguese-speaking African countries at that point in time – launched the cornerstone of a vibrant political relationship that already spans four decades and has gained momentum with the subsequent establishment of the South Atlantic Peace and Cooperation Zone in 1987, and the creation of the Community of Portuguese Speaking Countries nine years later, in 1996. Since 2003, our countries exchanged not less than six bilateral presidential visits, with President José Eduardo dos Santos last visiting Brazil in July 2014, after hosting President Dilma Rousseff in October 2011.

4.16. Political, historical and cultural ties opened the doors for an equally dynamic trade and economic partnership that explores complementarities and synergies among our two economies. Angola is the third trade partner of Brazil in Africa and, despite the pervasive international economic crisis that lingers since 2008, trade flows among our two countries doubled between the last TPR, in 2006, and today; it increased by almost 40% between 2009 and 2013. Investment flows look also promising, particularly in the areas of public works, agriculture and energy. More than 60 Brazilian corporations currently operate in Angola. A number of Angolan companies, such as TAAG and SONANGOL are also establishing ties and commercial presence in Brazil.

4.17. But we know that we can still do better: to enhance even further the prospects for our strong and mutually beneficial economic partnership. Brazilian Foreign Minister Mauro Vieira signed with his Angolan counterpart, Minister Georges Chikoti, during a 3-day visit to Luanda last April, a broad Agreement on Investment Facilitation and Cooperation and a Memorandum of Understanding for investment promotion in the fields of industry, energy, agriculture and services, both aimed at increasing and diversifying existing opportunities and improving the legal and regulatory frameworks for cooperation among private and public entities in common ventures.

4.18. Brazil-Angola cooperation goes of course beyond that. Financing and credit lines are important to enable significant public works, such as the hydroelectric dams of Capanda and Laúca. Cooperation in education also figures high on the agenda: currently, almost a thousand Angolan post-graduate students benefit from scholarships to pursue studies in engineering and other technology-related fields in Brazil, so that upon returning they can even better contribute to the modernization of the domestic industries and improve the foundations of the national technological infrastructure. Brazil also cooperates to "train the trainers" for environment and conservation initiatives, including in management of protected areas and of urban/industrial environmental impacts. Agriculture, of course, is another priority area for cooperation, and focuses on increasing productivity and diversifying production, with the help of the Brazilian state-of-the-art agritech institutes and companies.

4.19. Brazil has been a major partner of Angola's growth. We stand ready to further enhance and build upon a partnership that has proved strong for so many years now. We acknowledge that Angola currently faces a big challenge to diversify its economy, like so many others of us developing countries, in face of declining international commodity prices. We praise the "Angola 2025" initiative and its aim to promote modernization and sustainable development, in accordance with its three goals: "stability, growth and empowerment of Angolan citizens".

4.20. Brazil submitted some questions to Angola regarding fields such as agriculture, investment, licensing, banking and macroeconomic policies. We appreciate the written replies already received, which will be forwarded to Brasília for examination and follow-up as appropriate. Let me conclude by wishing Angola a very successful Trade Policy Review exercise.

## AUSTRALIA

4.21. Australia is pleased to participate in the second Trade Policy Review of Angola, in what is a significant year for Angola marking 40 years of independence. We offer our warmest congratulations in this regard.

4.22. Angola and Australia have a modest trading relationship, with two-way trade in goods and services of approximately AU\$50 million in 2014. While we have some established commercial interests in Angola, there is potential for growth in our investment relationship off a low base as Angola seeks to diversify its economy beyond oil and, to a significantly lesser extent, diamonds.

4.23. Australia welcomes Angola's commitment to pursue economic diversification as part of its National Development Plan 2013-17, in support of sustainable and inclusive development, economic growth and stability. Low global oil prices and resulting budget pressures have underlined the importance of more broad-based growth. Accordingly, we encourage Angola's continued efforts to rehabilitate and/or establish the infrastructure necessary to unlock the potential of different sectors, including agriculture and mining.

4.24. Reducing barriers to both trade and investment are important aspects of the economic reform process and will improve Angola's long-term competitiveness and strengthen its economic growth. Australia believes from our own experience that the road to a stronger economy and increased prosperity for all lies in structural economic reforms and the ability to attract foreign investment.

4.25. Australia recognizes Angola's efforts to improve conditions for doing business in Angola. We encourage Angola to continue with necessary reforms and improvements to make it easier for new investors to enter and operate in Angola, including with regard to increased transparency, improved permit and licensing processes and governance arrangements, and smoother visa and entry procedures.

4.26. Australia will follow implementation of Angola's new Private Investment Law enacted on 11 August 2015 with particular interest, along with Angola's intention to open up new opportunities in the mining sector; an area where Australia has significant expertise.

4.27. We welcome Angola's intention to pursue trade liberalization through ratification and implementation of the Southern African Development Community (SADC) Trade Protocol in 2017. We also note that Angola was active during negotiations on the WTO Trade Facilitation Agreement and we encourage it to ratify and fully implement its commitments in this regard. It is important for us collectively to ensure the agreed outcomes of the 9th Ministerial Conference in Bali are implemented.

4.28. Australia has also been pleased to work closely with Angola this year during its Chairmanship of the Kimberley Process Certification Scheme. We hope to continue our constructive working relationship in future years given our common interest in a unified and effective Kimberley Process.

4.29. For this review, Australia has submitted a number of written questions relating to Angola's trade and investment regime. We look forward to Angola's response to these questions.

#### **EUROPEAN UNION**

4.30. This is Angola's second review and I would like to start by noting that, since the last review, the Angolan economy witnessed strong growth as also acknowledged by the UN, which has proposed Angola's graduation to Middle Income Country status (in 2018).

4.31. Nevertheless, the EU recognizes that Angola is currently going through a difficult economic period due to lower international oil prices and to Angola's too large oil-dependent economy.

4.32. Let me note that the need to revitalise and diversify Angola's economy was already highlighted at the last trade policy review, when Angola was encouraged to give trade a central role in its development strategy, particularly in revitalizing the non-oil sectors of the economy, and to avoid inward-looking trade policies as a long term solution.

4.33. The EU appreciates the objectives set out by Angola in its National Development Strategy "Angola 2025". It represents a good step in the direction of structural economic reforms and of creating a better business environment to attract FDI. It also helps establishing the necessary legal framework for promoting the modernisation and diversification of the economy as well as for promoting a more inclusive distribution of wealth.

4.34. The EU also welcomes Angola's efforts to create the necessary conditions for the acceptance of the Trade Facilitation Agreement and encourages the government to notify its category A commitments and start the internal process necessary to lead to the ratification of the Agreement without delay. This would allow the EU as well as other donors to clearly identify Angola's needs for providing tailored and adequate technical and financial assistance.

4.35. A word on our bilateral relationship. Angola is an important economic market for many European companies. The EU is the second largest trading partner of Angola globally. According to the latest data from 2013, the EU is the main source of imports (37.2% market share) and second largest export destination (17% of Angola's sales). In regional terms, Angola is now the second largest trading partner of the EU in Southern Africa and investment flows have also been gaining importance.

4.36. Moreover, the EU continues to be the biggest direct donor for development aid in Angola. In the 11th European Development Fund, covering the period 2014-2020, an envelope of €210 million has been proposed for Angola.

4.37. The EU would like now to raise a few concerns.

4.38. Let me start with a general remark. In EU's view, Angola needs to improve its business environment, to limit protectionism and to respect WTO rules; otherwise the current difficult business environment will deter investors outside the hydrocarbons sector.

4.39. Let me now stress a few of the issues that the EU raised also in its written questions and that are considered and confirmed by EU operators as obstacles to trade.

4.40. First of all, the introduction of a higher tariff structure has led to an increase in consumer prices and is restricting imports.

4.41. Secondly, the announced revision of the Private Investment Law gives reason for concern: new taxes on the repatriation of capital and the tendency to promote national instead of foreign investment could create serious barriers to FDIs. The EU would encourage Angola to simplify its legislation in respect to the WTO rules.

4.42. Thirdly, we are concerned by the Executive decree No. 22 of 23 January 2015 that regulates the importation and distribution and sale of food/non-food products where domestic supply covers 60% of national consumption. The EU believes that this decree is not in compliance with Angola's WTO commitments and has accordingly informed Angola of its views. The Angolan Ministry of Trade has, on 7 September, confirmed in writing that this decree will be amended to bring it in line with WTO rules. I hope Angola will now confirm this and clarify when it expects to notify this measure to the WTO.

4.43. Then, the new Angolan legislation that requires shipping agencies to be exclusively owned by Angolan nationals creates a real problem to foreign shipping agencies. The EU would like to express its concerns on these provisions and, in this regards, the EU is wondering whether Angola is envisaging any amendments to this decree.

4.44. Finally, the EU understands the interest of Angola for the development of its industrial fisheries sector; however, this needs to be put in place in a transparent manner and in the respect of the sector's sustainability.

4.45. The EU is confident that our meeting will help Angola in reviewing its own policies so as to ensure that they are most favourable for attaining its economic objectives while respecting its international commitments in this forum.

4.46. We would like to thank Angola for the responses to the questions we have previously submitted in writing.

4.47. On behalf of the EU, I look forward to a constructive exchange of views during this review. I wish Angola's delegation the utmost success during its Trade Policy Review.

#### CHINA

4.48. We are glad to note that Angola registered a decade of strong growth since its first review in 2006. Although the growth was slowed down during the global financial crisis in 2009, Angola was able to gradually recover from the external shock and maintained its macroeconomic stability. It is heartening to see Angola's economic development has benefited its people. The number of the Angolans living on less than US\$2 per day has dropped from 92% in 2000 to 54% in 2014.

4.49. In recent years, Angola was among the highest recipient of foreign direct investment in Africa, with investments totalling US\$16 billion in 2014.

4.50. Here in the WTO, it is commendable that Angola is firmly committed to the early conclusion of Doha Development Agenda, and played a constructive role in pursuing the DDA's development dimensions as a member of the African Group, ACP and LDC. We also note that as an important member of the African Union and many other regional agreements, Angola is actively participating in bilateral and regional trade initiatives.

4.51. On the bilateral front, China is Angola's largest trading partner, and Angola is our second largest trading partner in Africa. The bilateral trade volume has reached US\$37 billion in 2014, more than tripled from the last review in 2006. Our investment in Angola also reached US\$2 billion by the end of 2014, and this number is increasing in a very fast speed. This year, China and Angola have established the Economic and Trade Cooperation Committee, which we believe will bring new momentum to our comprehensive cooperation in the future.

4.52. Looking ahead, China is ready to actively engage in Angola's diversification and industrialization process, with deeper and wider cooperation in such sectors as infrastructure, education, agriculture, industry and financing. However, it is worth mentioning that there is still some room for Angola to improve in terms of building an investment-friendly environment. Particularly, some imminent issues have to be dealt such as multiple taxation in investment projects, complicated and lengthy company registration process, slow custom clearance and complex visa application procedures. We would also encourage the Government of Angola to quickly settle the due payments with foreign contractors in the government-led projects. We have submitted follow-up written questions and it is appreciated if Angola could provide replies soon.

#### CHILE

4.53. For this second Review of Angola we raised seven questions and have received prompt replies, for which our thanks.

4.54. We also appreciate the work done by the Secretariat and the Government in Luanda to produce their respective reports and congratulate Ambassador Xavier Carim (South Africa) for his contributions as discussant.

4.55. Angola and Chile have had diplomatic relations for 25 years and during that time we have taken an all-round approach to our work in various fields, developing synergies of our interests and views of the world in an atmosphere of friendship and cooperation.

4.56. Evidence of the excellent coordination between Angola and Chile lies in the work we are doing this year at the United Nations, where we are both non-permanent members of the Security Council.

4.57. I note that one of the objectives of Chile's foreign policy is to strengthen relations with Africa. We are of the view that two important means of achieving greater convergence and cooperation between the two countries and continents are the ASA (South America Africa) Cooperation Mechanism, and the accreditation of my country to the African Union in 2007.

4.58. The State visit by the President of Chile to Angola in August last year unquestionably gave fresh impetus to our bilateral relations. The President was accompanied by four Ministers: the Ministers of Foreign Affairs, Energy, Agriculture and Mining; and by representatives of the legislature. This bears out our interest in invigorating different areas of our bilateral relations.

4.59. Specifically, we hope to continue to extend dialogue with Angola in matters such as politics; trade and economics; investment; and technical and cultural cooperation.

4.60. Trade between our two countries stood at US\$396 million in 2014, one of the highest figures for Chile in the African continent that year.

4.61. Last June a Chilean public/private trade mission visited Luanda for the Angola Chile Trade Opportunities Seminar.

4.62. In terms of cooperation, we note that one outcome of President Bachelet's visit to Angola and other African countries such as Mozambique and South Africa was the launch in 2014 of the Republic of Chile Nelson Mandela Scholarships Programme.

4.63. This initiative is a call to pursue master's degrees in various fields at accredited Chilean universities and in different regions of my country. Twelve Angolan professionals have already been selected for the programme in the areas of agriculture, economics, public policy management, the environment and health.

4.64. Among the agreements between our two countries, I should like to refer in particular to the one in place between the Chilean National Agriculture and Livestock Service (SAG) and the Veterinary Research Institute of Angola signed on 15 April this year in Luanda. The agreement aims to train technicians and professionals in matters related to the planning and implementation of control programmes in the areas of animal health and chemical residues in products of animal origin.

4.65. Five other agreements of a different kind are at the negotiation stage.

4.66. Additionally, Chile's strong desire to make a contribution to the objectives of the multilateral trading system and improve its trading links with Angola are also in evidence in the Chilean Law of 28 September 2013 eliminating tariffs for the 48 least developed countries. This unilateral, non-reciprocal tariff preference regime for LDCs provides for a zero rate on imports of goods originating in and coming from this group of countries. The regime is fully operational and in force; we are aware that Angola has been importing under the Law and we encourage it to continue to avail itself of this tariff preference.

4.67. In relation to the report, we are very interested to note the efforts made by the Angolan economy to diversify production in order to reduce its reliance on oil: oil products account for some 40% of GDP, over 95% of export earnings and close to 75% of government revenue. We are confident that the Government will take the appropriate measures to ensure that the fall in oil prices over recent months does not adversely affect its objectives, and that it will continue to reduce poverty among the Angolan population. Additionally, diversification should result in lower unemployment.

4.68. We are closely following the efforts of the authorities in Luanda to boost agricultural production so that Angola ceases to be a net importer of agrifood products. According to the Secretariat report, agriculture employs over half the workforce but only contributes 5% of GDP.

4.69. In that regard we hope that Angola will meet the objectives set out in the long term development strategy, Angola 2025, to make the country at least 75% self-sufficient in food, and become an exporter of agricultural products.

4.70. Turning to investment, we are pleased to note that in 2014 Angola ranked second among destinations of foreign direct investment in Africa, with a total of US\$16 billion; we would infer that contributing factors to this included the implementation of the stabilization programme to achieve stable, controlled inflation, and the Law of 2011 providing for equal treatment for national and foreign investors, although we would like to see more sectors open to the private sector.

4.71. In this respect, we hope nonetheless that Angola's World Bank Doing Business ranking will rise in future.

4.72. In relation to the import regime, we would encourage the Angolan authorities to increase coordination between the country's sanitary and phytosanitary systems and its technical barriers to trade, with a view to preventing repeated inspections of products.

#### UNITED STATES

4.73. The United States has a strong trade relationship with Angola, one that – like Angola's economy – is dominated by energy and energy-related industrial products such as oil machinery and mining equipment. Overall, the United States is one of the largest markets for Angola's exports as well as imports. In addition, the United States has several programmes underway to assist in the sustainable development and diversification of Angola's economy. Notably, Angola has been eligible for benefits under the African Growth and Opportunity Act since 2004 and the US Agency for International Development has several projects to support private sector growth, stimulate investment in export-oriented companies, and strengthen Angola's commercial laws.

4.74. Angola is rapidly rebuilding after 27 years of civil conflict that ended in 2002; however, the development challenges facing the country remain daunting. While progress has been made towards implementing policies aimed at reducing poverty, living standards for the general population remain low and the challenges of reconstruction continue. We welcome, during the course of this review, an update on progress being made with respect to the Government's extremely important Poverty Reduction Strategy, especially the two dynamic engines of economic growth – education and good governance.

4.75. Angola has experienced rapid rates of growth, but the formal economy is overwhelmingly dominated by the oil sector, which accounts for more than 98% of Angola's merchandise exports, yet only a small share of its employment. Therefore, even high rates of economic growth do not

necessarily translate into higher living standards for the general population. Moreover, with the downturn in the global petroleum market, and the resulting significant downward impact on Angola's budget, we are pleased that economic diversification is a strategy the Angolan government is pursuing with renewed vigour. The progress made in recent years to develop the non-oil economy has served Angola well; the difference in Angola's ability to cope with the downturn in oil prices is markedly improved from what it was in 2008 thanks largely to this diversification. The next step in Angola's growth will be to harness the revenues from oil production and mineral extraction to generate growth in other sectors of its economy. The challenge of diversification is a difficult one to manage, and when the energy sector is involved there is a premium to be placed on good governance. During this review, we would be interested in learning more about Angola's plans for economic diversification, the policies for managing it, and on the sectors where there may be promising growth potential.

4.76. In January, Angola announced new protectionist import quotas on a limited set of products aimed at protecting domestic production. Such a policy is rarely successful, and we are pleased that Angola announced in April that it would not implement the quotas, effectively suspending them. During this review, we would like to learn more about Angola's planned use of import substitution and the timeframe in which the government believes such measures may be necessary. Our objective, in part, is to ascertain if these intended measures are in compliance with Angola's WTO obligations and commitments.

4.77. The Central Bank has also limited the availability of foreign exchange to firms that need to pay for imports and repatriate profits. We would like to learn more about Angola's plans for normalizing the auction of foreign currency.

4.78. On another general issue, namely, the State's participation in the economy, there have been some positive developments, although more will be needed to promote growth in new economic activities. Previous accomplishments include publication of a consultant's report on ways to improve management of the oil sector, the creation of a special fund to absorb the windfall gains from high oil prices, and a new requirement that the parastatal oil company and the Central Bank be subject to annual external audits. We look forward to seeing more progress in the area of privatization, and in this review we would welcome an update from Angola on its current and future plans for promoting privatization in different sectors of its economy.

4.79. In closing, the United States looks forward to expanding its trade relationship with Angola, and we see many positive developments that – with time and persistence – may help to usher in a better future for the Angolan people. Our questions – with respect to Angola's general policy directions and on specific issues such as customs procedures, intellectual property rights, and subsidies – all reflect a genuine interest in learning more about Angola's reconstruction and its efforts to make its trade and economic regime more efficient, transparent, and consistent with WTO principles. In this regard, we would join other speakers in encouraging Angola to move forward with notification of its Category A commitments under the Trade Facilitation Agreement, and of course, with submission of its instrument of acceptance for the Trade Facilitation Agreement.

## NORWAY

4.80. The development in the Angolan economy since the millennium is impressive, and the IMF commends Angola both on macroeconomic stability and on economic growth. Despite the significant fall in oil prices, it is expected that the Angolan economy will continue to grow at a rate of 3.8% in 2015 and 4.2 % in 2016. These are good news.

4.81. At the same time, the Angolan economy is heavily dependent upon oil, as is the Norwegian one. The oil sector in Angola represents 40% of GDP, 95% of export earnings and 75% of governmental revenues. The sharp fall in oil prices this year is hitting the economy hard, as mentioned by the trade minister, and government revenues will fall significantly.

4.82. The high growth rate has reduced poverty from 62% in 2001 to 37% in 2009, an achievement we would like to applaud. However, we acknowledge that Angola faces enormous challenges. On the one hand, Angola has a thriving petroleum industry, receives a large portion of foreign direct investments and is in the process of graduating from least developed country status.

On the other, the petroleum sector is capital intensive, there is high unemployment around 25% and Angola has high poverty rates. Angola is ranked 149th out of 187 countries in 2014 in the UNDP Human Development Index.

4.83. Diversification into other sectors, not least agriculture and the agribusiness is a major priority as is noted both in the national TPR report and in the WTO Secretariat report. The agricultural sector, which employs 40% of the population, only makes up 5% of GDP.

4.84. Structural reforms are essential to enhance efficiency in the allocation of resources and create the conditions for a faster rate of economic growth, which should benefit the whole population. Private sector development should be strengthened, and initiatives to counter the currently adverse business conditions should be promoted. In 2014, Angola was ranked 181st out of 189 in the World Bank's Doing Business Ranking. There is therefore large potential for improvements. On the positive side, efforts have been put in place to reduce consumer inflation to 7.3% in 2014, the lowest in 20 years.

4.85. As we see it, an open trade regime for both exports and imports can help to develop Angola's economy. We underline the importance of imports as inputs for both the domestic industry as well as for Angola's export industry. Angola is in a privileged position in the sense that the state has high revenues from the petroleum industry, and is not as dependent on customs revenue as many other developing countries are. Therefore, Angola has greater flexibility to liberalise and benefit more quickly from trade.

4.86. I would just like to mention areas of concern for our businesses, namely currency restrictions, problems with customs clearance where trade facilitation measures would make clear differences and the need for transparency and predictability – including for investors.

4.87. Norway welcomes that Angola is creating a National Executive Secretariat for WTO issues, including a multi-sectoral advisory board. We would recommend using one national committee to steer all trade policy discussions, including work on the implementation of the Trade Facilitation Agreement.

4.88. It is highly useful that Angola has included in its report a list of areas in need of technical assistance. Depending on how far Angola has come in both setting up the National Executive Secretariat for WTO, and in the dialog with donor countries and institutions, we would recommend considering using the Enhanced Integrated Framework (EIF). However, it is important not to put parallel structures in place, but use the EIF to support the National Executive Secretariat for WTO.

4.89. Angola is Norway's most important economic partner in Africa, primarily due to the petroleum sector. We hope to expand and diversify our business cooperation. The clean energy and fisheries sectors are areas of mutual interest and create employment opportunities in both countries. The strengthening of the fisheries sector in Angola is important for three main reasons: to secure the livelihoods of a great number of Angolans, to improve food security for the Angolan population and to contribute to important work to diversify the economy. It is, however, essential that the strengthening of the fisheries sector is sustainable. A Norwegian Research vessel together with Angolan researchers are conducting important work to enhance the knowledge of the marine resources, to improve management and help avoid overfishing. Norway also appreciates technical cooperation with Angola in the area of clean energy. We hope that technical assistance that the Norwegian Directorate for Water and Energy (NVE) offers comes to good use as a complement to support from the African Development Bank to reform the energy sector.

## COLOMBIA

4.90. During the period covered by this Trade Policy Review, Angola experienced 178% growth in GDP, essentially as a result of increased production and rising oil prices. This has enabled Angola to reduce poverty levels and increase per capita GDP by over 400% since 2001.

4.91. Some of the economic measures adopted by the Angolan Government have had significant impact on the country's stability and outreach, such as the fall in inflation and the public debt, and the rise in international reserves.

4.92. As far as external trade is concerned, the positive trade balance is largely determined by overseas sales of crude oil; these account for 98% of all its exports, chiefly to China. By contrast imports, especially of machinery, equipment and goods vehicles, come from Europe and doubled over the period under review.

4.93. The policies adopted to promote Angola as an attractive and stable destination for foreign investment have made it the second highest ranked country for foreign direct investment in Africa.

4.94. With regard to customs procedures and requirements, we note significant progress in the strategy that the country has been rolling out. That is why we are confident that Angola will soon notify the WTO of its Category A commitments under the Agreement on Trade Facilitation and its instrument of ratification.

4.95. Despite these positive results, Angola faces major challenges in terms of competitiveness. Inadequate infrastructure, unemployment, currency appreciation, centralized state ownership and underdeveloped agriculture and tourism sectors all represent significant short and medium term challenges to efforts to diversify the economy.

4.96. The recent collapse of the international oil price has demonstrated the vulnerability of the Angolan economy, as shown by the decline in GDP growth in 2014. The fact that the economy is highly dependent on oil, which accounts for 40% of GDP and 75% of government revenue, makes it vital for Angola to exploit its other resources, including its mineral and water resources and the available arable land.

4.97. We note from the Secretariat report the absence of notifications on sanitary and phytosanitary measures, technical regulations, State trading enterprises and intellectual property rights. Special attention should be paid to the fact that some of the applied tariffs are above the WTO bound rates. We urge the Angolan Government of to bring its measures into conformity and participate more actively in exercises in transparency, which are an important pillar of work within the WTO.

4.98. We are confident that the strategies identified in its development plan and the Vision 2025 programme for equitable and inclusive development will provide the country with the desired impetus to modernize the public administration, develop infrastructure, create jobs, diversify the economy and improve management of natural resources.

## ECUADOR

4.99. Ecuador is keen to take part in this Trade Policy Review because in May the Foreign Ministers of our two countries signed various agreements to strengthen bilateral relations, including the Framework Agreement on Economic, Scientific, Technical and Cultural Cooperation; the Agreement between the Republic of Angola and the Republic of Ecuador on Reciprocal Visa Waivers for Holders of Diplomatic, Official, Special and Service Passports; and the Memorandum of Understanding establishing the Political Consultation Mechanism between the Ministry of Foreign Affairs of the Republic of Angola and the Ministry of Foreign Affairs and Human Mobility of the Republic of Ecuador.

4.100. These important agreements will pave the way for ongoing political consultations to achieve mutual cooperation, chiefly in the oil, university, technology and cultural sectors.

4.101. In relation to trade matters, Ecuador notes the information supplied by the Secretariat that following the world crisis of 2008 and the collapse of oil prices, Angola recorded growth rates of 6.8% in 2013 and 3.9% in 2014.

4.102. Similarly, Ecuador acknowledges the efforts made by the Angolan Government to incentivize diversification of production, especially by boosting agricultural output, which makes up only 5% of GDP, and developing manufacturing, which contributes 4% of GDP; oil products still account for some 40% of GDP, over 95% of export earnings and close to 75% of government revenue.

4.103. Ecuador also notes that Angola's agricultural policy seeks to achieve growth through the Medium Term Agriculture Sector Development Plan (PDMPSA) and strengthen production of cereals, fruit, vegetables, roots and tubers to make the country self-sufficient in food.

4.104. We further note from the Secretariat report that the petroleum, gas and diamond industries, and financial institutions, are subject to special regimes, including tax and customs benefits that provide equal treatment for national and foreign investors, highlighting that the Angolan Government has signed agreements on the promotion and reciprocal protection of investments with 13 countries.

4.105. According to data supplied by UNCTAD, this meant that in 2014 Angola was the second highest recipient of FDI inflows in Africa. Nevertheless, in the same year Angola was ranked only 181st out of 189 in the World Bank's Doing Business rankings.

4.106. One topic that my delegation would like to highlight is the progress that Angola is making in customs matters with the introduction of a risk management mechanism to process customs declarations. Additionally, since March 2012 all import, export and re-export licences have been managed electronically. Angola has computerized the main customs posts and merged all tax administrations into the General Tax Administration (AGT).

4.107. Furthermore, the Secretariat report states that the inadequacy of basic infrastructure and insufficient skilled labour are still dampening the dynamism of industrial activity, and therefore encourages the Angolan Government to adopt the measures necessary to consolidate manufacturing and enable diversification of production in coordination with other sectors of the economy, especially agriculture and mining.

4.108. In conclusion, we thank the delegation of Angola in advance for its replies to the questions we have raised on some specific aspects of the country's trade policy; they will provide important information to strengthen bilateral relations in the area of external trade.

#### **ARGENTINA**

4.109. As noted in the Secretariat Report, 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.

4.110. This has enabled Angola to post good economic growth, which, although affected by the 2008 crisis and the collapse in oil prices, staged a gradual recovery to 6.8% in 2013 and 3.9% in 2014.

4.111. Thanks to the implementation of a stabilization programme, Angola reduced consumer price inflation to 7.3% in 2014, the lowest level in 20 years. It also held the foreign debt at around 22% of GDP in 2013 and 2014.

4.112. Although economic activity is heavily reliant on oil production, which accounts for some 40% of GDP and over 95% of export earnings, we note that since the 2008 crisis, the Government has been making efforts to diversify the economy by supporting development of agriculture and agribusiness, fisheries, tourism and manufacturing.

4.113. We commend Angola for the progress it has made in combating poverty. In particular, we note the reduction in the poverty rate from 62% in 2001 to 37% in 2009, and the increase in per capita income to US\$5,706 in 2012 as compared to US\$1,000 in 2001.

4.114. Although Angola faces major challenges such as unemployment, which remains high at around 25%, we are confident that implementation of the development strategy set out in Vision 2025 and the National Development Plan 2013-2017 focusing on stability, growth and employment, will allow the country to achieve equitable and inclusive development.

4.115. As regards bilateral relations between Argentina and Angola, the relationship has been strengthened in recent years. Where trade is concerned, the difficulties that oil exporting countries

face today have inevitably affected the volume of trade, prompting the need to adopt exceptional measures in the field of bilateral trade regulation.

4.116. Nevertheless, over recent years the close ties between us have proven strong enough to withstand current market conditions. Argentina understands how abnormal the present situation is and hopes to be able to work alongside Angola to continue to deepen this very promising relationship.

4.117. Argentina would also like to cooperate more closely with Angola in multilateral negotiations of common interest, especially having regard to both countries' concerns in relation to fisheries and the sustainable exploitation of fish resources.

#### THAILAND

4.118. In 2014, the trade value between Thailand and Angola was US\$603.7 million. Thailand's exports and imports valued at US\$279.2 million and US\$323.5 million, respectively. Cereals, vehicles, meat and seafood are our top exports, while mineral fuel and oil were the predominant imports.

4.119. Although the bilateral trade value between Thailand and Angola is not very high, there is potential of trade and investment that can be explored. For example, trade and investment in food and agriculture sectors, and investment in housing and infrastructures.

4.120. We noted that from 2012 to 2014 Angola's economy had grown with annual rates of 7.63%, 4.21% and 4.71%, respectively. We would like to commend Angola for the efforts to open its market and to boost its economy by taking part in initiatives and multilateral, regional and bilateral trade agreements.

4.121. In this review, Thailand submitted a number of questions to Angola, covering various issues such as tariff bindings, competition policy and price control, import and investment policies in food and agriculture sectors and intellectual property rights protection. We look forward to the responses in due course.

4.122. Finally, Thailand would like to express our appreciation to the delegation of Angola for today's presentation. We wish Angola every success in this Trade Policy Review.

#### INDIA

4.123. We are pleased to note that since its first review in 2006, the Angolan economy has registered an average annual growth rate of over 6.5%. It has maintained a surplus in merchandise trade as well as positive balance of payment except in 2009 and 2014. According to data notified to UNCTAD, in 2014, Angola was the second highest recipient of FDI inflows in the whole of Africa. At the same time, we recognize challenges facing Angola for maintaining sustained growth, diversification of its economy, addressing infrastructure deficit and need for skilled labour – factors, which continue to affect the dynamism of its industrial activity, development process and its fight against poverty. As noted in the Secretariat report, the oil sector still accounts for about 40% of its GDP, over 95% export earnings and close to 75% of Government revenue, making its economy vulnerable to external shocks. All of this brings out the importance of continued structural reforms to promote economic diversification, growth and inclusive development.

4.124. We take note that the Angolan Government has taken initiatives to restore trust and credibility, macroeconomic stabilization, economic growth and job creation, improving business environment, promoting competitiveness, and laying greater focus on its agriculture and manufacturing sectors. The Angolan Government approved its long-term national development strategy namely "Angola 2025" with the objective of achieving stability, growth and empowerment of people. It is our hope that Angola will continue to take steps to modernize its economy, progressive liberalization of its trade regime consistent with its developmental imperatives and greater integration into regional economic processes and the global economy. We recognize the challenges facing Angola in aligning some of its national legislations with the WTO Agreements and, in this context, we fully understand its need for enhanced technical assistance to strengthen its institutional capacity.

4.125. India and Angola enjoy close and friendly relations. We have an expanding economic and development partnership. Our bilateral trade increased from US\$4.87 billion in 2010 to US\$6.5 billion in 2014. Our bilateral trade largely comprises of import of crude oil from Angola, while India has been exporting engineering goods, pharmaceutical items, food products, finished leather and paper and wood products. We hope that Angola will take steps to strengthen its regulatory framework for SPS and TBT measures to facilitate bilateral trade in food and meat products. There is considerable scope for further expansion in our bilateral trade and investment ties, and we look forward to working with the Government of Angola in achieving these objectives. India values its development partnership with Angola and has extended development assistance for industrial and infrastructural development projects as well as through capacity building and technical cooperation programmes in diverse areas.

4.126. My delegation commends the commitment of Angola to the multilateral trading system and a successful conclusion of the DDA negotiations. Angola, along with other members of the ACP, Africa and the LDC Groups, has been in the forefront in articulating the centrality of development dimension and the needs and interests of developing countries in the ongoing work in the WTO as part of the Doha Development Agenda. We look forward to working with Angola and other partners in securing balanced and development oriented outcomes at the Nairobi Ministerial.

## NIGERIA

4.127. Nigeria is happy to note that Angola has made substantial progress in economic and political terms since the end of the war in 2002, as well as its remarkable economic growth between 2006 and 2014 with an average annual rate of 6.76% in 2013 and standing at 3.9% in 2014. The Government's overtly commitment to an ambitious policy agenda designed to promote more stable and inclusive growth and formal job creation, as well as important social and infrastructure programmes is worthy of noting, despite the massive developmental challenges been faced by the country including reducing the dependency on oil and diversifying the economy. Nigeria hares Angola's policy thrust aimed at diversifying the economy given the continuing decline in oil revenue as step in the right direction towards achieving a sustainable economic growth and development. We would, however, encourage Angola to remain wary of implementing policies that could lead to sustained public unrest and refrained from stricter measures directly affecting imports or exports including those noted in the Secretariat report. In this context, we would equally encourage Angola as a matter of priority to notify its Category A commitments under the Trade Facilitation Agreement and its state-trading enterprise within the meaning of Article XVII of GATT, as well as ensure the effective coordination of the SPS and TBT regime in order to take full advantage of the multilateral trading system.

4.128. Nigerian-Angolan bilateral trade relations although, had expired without any of the two sides benefiting tangible achievement dates back to 70s and based primarily on their roles as oil exporting nations. Both countries till date have remained strategic partner in Africa which culminated in signing of Trade Agreement in 1977. In order to strengthen bilateral relation, the two countries establish a framework of Nigeria-Angola Joint Commission. The last Session being the 4th Session of the Nigeria-Angola Joint Commission was held in Abuja in 2001 to chart way forward on how to enhance the existing bilateral relations between our countries. Likewise, an expert meeting preparatory to the 5th Session of the Joint Commission was also held in Abuja in September 2013. It is worthy of note that between 2010 and 2014, the volume of trade between the two countries has been dwindling from US\$287 million in 2010 to US\$16 million in 2013. This is something both countries need to pay particular attention in view of the fact that we are yet to fully utilize the trade and investment potentials compared to opportunities which exist in both countries. Nigeria calls on our counterpart in Angola's Ministry of Trade to support the activities of the Joint Commission which is aimed at providing a platform for discussions on all issues that would further strengthen the existing relationship.

4.129. Before concluding, Nigeria wishes to acknowledge Angola's active participation of the Geneva based officials towards achieving a balanced and focused developmental oriented outcome for all in Nairobi Ministerial Conference.

**BENIN**

4.130. The delegation of Benin greatly appreciates the efforts made by Angola to build a dynamic, diversified economy within an incentive rich legal and institutional framework.

4.131. The delegation of Benin also welcomes Angola's commitment to the promotion of international trade and regional integration that properly reflects the development dimension.

4.132. This explains Angola's involvement over a number of years and its valued and effective participation in the Doha Round negotiations, both through its Geneva based team led by H.E. Mr Apolinário Jorge Correia, Ambassador and Permanent Representative of Angola in Geneva, and the experts and authorities in Luanda.

4.133. The delegation of Benin notes the economic and trade performance of Angola since its previous Trade Policy Review in 2006, particularly in relation to:

- progressive trade liberalization as reflected in the adoption of the 2011 Law providing for equal treatment of domestic and foreign investors;
- the adoption in 2011 of the Law establishing a regime governing public private partnerships (PPP);
- secure customs procedures through the introduction of the risk management mechanism and the deferred control mechanism;
- consolidation of the public finances and rationalization of the fiscal regime;
- the reduction in inflation from 12.5% in 2008 to 7.3% in 2014.

4.134. Note should also be made of the importance of the reforms being implemented under the long term national development strategy, Angola 2025, based around the priorities of the National Development Plan 2013-2017.

4.135. The delegation of Benin would also highlight Angola's significant contribution to regional integration and cooperation within the SADC and the Economic Community of Central African States.

4.136. The delegation of Benin strongly recommends that the necessary assistance should be given to Angola to help it address the development challenges it faces.

**TOGO**

4.137. Trade and economic relations between Angola and Togo are not strong. There are very few statistics on the matter and as a result research into trade relations between the two countries yields very little.

4.138. However, in an international environment where enhanced intra African trade is a major challenge, the delegation of Togo is of the view that it is worth exploring avenues for active trade cooperation between fellow countries.

4.139. Togo's desire also stems from the opportunity afforded by the new African free trade agreement which, in the view of most experts, should unleash Africa's trading potential by boosting trade between countries in their peoples' best interests.

4.140. The Togolese delegation would like to offer some remarks on the reports produced by the Angolan Government and the WTO Secretariat.

4.141. It is clear from the reports that the country under review has definitively left behind the dark days of the conflict that jeopardized its development efforts for a good 20 years. Evidence of this lies in Angola's ranking as second highest recipient of FDI inflows in the whole of Africa in 2014. This is a sign of the return to the security that is a pre requisite for any investor. It is also a boost to the incentives adopted by the Angolan Government in the legislation governing investment, one example of which is the 2011 Law providing for equal treatment of national and foreign investors.

4.142. Angola is to be congratulated on the definitive return to peace that is fundamental to any nation's prosperity.

4.143. Moreover, we note that growth has been in a virtuous circle since 2006, despite a fall essentially due to the collapse in the oil prices on which the Angolan economy so heavily depends, as oil products account for 47% of GDP, 95% of exports and around 75% of government revenue.

4.144. As the Secretariat notes, this reliance on oil exposes the country to external shocks whose effects were felt in 2014 and 2015 when plummeting crude oil prices overturned budgetary forecasts.

4.145. It should be noted that this problem is not confined to Angola because most African countries whose economies are based on raw materials live out that reality every day, hence the absolute need to build resilient economies that can withstand shocks and disturbances by becoming economically diverse.

4.146. Togo shares the same reality and supports the Angolan Government's policy with its resolute emphasis on that approach, reflected in support for the development of agriculture, agribusiness, fisheries, tourism and manufacturing.

4.147. The Togolese delegation is of the view that these sectors have huge potential and are full of hidden opportunities, if only countries would take an interest in them.

4.148. These diversification measures will undoubtedly have an effect, allowing Angola to cope with external shocks and creating jobs.

4.149. The delegation of Togo commends Angola for the all-round measures it is taking under its international trade liberalization policy.

4.150. Despite its limited capacity as an LDC, Angola has also demonstrated its commitment to the WTO ideals. The Togolese delegation notes the considerable technical assistance that Angola has received from the WTO.

4.151. Evidence of this is to be found in the Secretariat report, which underscores the fairly high number of technical assistance activities carried out in the country.

4.152. I should also like to pay tribute to the WTO's technical assistance services, whose endeavours are bearing fruit in LDCs such as ours.

4.153. The Togolese delegation would like to conclude its remarks by wishing Angola every success in this Review and assuring it of its full support in implementing the ensuing recommendations.

#### JAPAN

4.154. At the outset, Japan would like to express its sincere appreciation for the reports made by the Government of Angola and the Secretariat. Each of these reports clearly depicts the challenges that Angola has faced up to now and the efforts that have been made to overcome them. Japan highly commends Angola's continuous efforts to achieve greater economic growth through smooth integration into the global trading system.

4.155. Since the end of the 27-year civil war, Angola has shown robust economic growth primarily driven by its oil sector. Japan highly commends Angola's achievement of vigorous and rapid economic growth in such a short period.

4.156. However, lately the Angolan economy has shown signs of slowing down. The financial crisis resulting in the collapse of oil prices in 2008 decelerated growth. While the economy had gradually recovered to a rate of 6.8% in 2013, it slowed down again to a rate of 3.9% in 2014. This downturn was mainly due to the recent drop in oil prices. These facts clearly illustrate Angola's high dependence on the oil sector, which accounts for one third of its GDP, resulting in its vulnerability to the exogenous factor.

4.157. Japan encourages Angola to further strengthen its efforts to grow the non-oil sectors and diversify its economy utilizing other natural resources such as highly fertile soils, water resources, fishery resources, mining resources including diamond and so forth.

4.158. Angola's great potential in various sectors attracts many investors, including Japanese entities. As a matter of fact, Angola is the second largest recipient of FDI in Africa. However, while it may sound paradoxical, the business environment in Angola is one of the worst in the world. It ranked 174th out of 189 countries according to the Doing Business 2015 survey by the World Bank. Japan commends the Government of Angola for formulating its 2013-2017 National Development Plan and continuing to improve the business environment under the plan. Japan encourages Angola to accelerate its implementation of this plan.

4.159. Before concluding, please allow me to make some brief comments on the WTO and trade facilitation. Japan highly appreciates the active contribution of Angola in the negotiation for the Trade Facilitation Agreement and commends its efforts to streamline import and export procedures under its ambitious plan for trade facilitation, namely "the Angolan Customs Services Strategic Plan". Japan encourages Angola to do its best to notify its Category A commitments and finish all internal procedures for the acceptance of the Trade Facilitation Agreement as soon as possible.

#### **SENEGAL**

4.160. Since gaining independence in 1975 Angola, a country with enormous potential, particularly in terms of its many natural resources, has made significant progress.

4.161. It has experienced strong growth over an extended period and to this day attracts a large share of international investment in Africa.

4.162. Angola's economic growth has stabilized since 2009 and stood at 3.9% in 2014. Poverty levels fell from 62% in 2001 to 37% in 2009 and the country's estimated per capita income has increased to US\$5,706.

4.163. Additionally, 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.

4.164. Reforms to improve the competitiveness of the economy have also been noted; 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.

4.165. Despite considerable effort, Angola has experienced difficulties due to the unfavourable international environment. Heavy reliance on raw materials such as oil and diamond poses a challenge that must be met urgently by way of greater economic diversification and better integration into global value chains.

4.166. Despite the difficulties encountered on the path to better integration into the multilateral trading system, Angola is making significant efforts to comply with all its trade commitments within the WTO and thus seek to achieve emerging economy status. Efforts of this kind are to be commended.

4.167. The delegation of Senegal encourages Angola to continue on that path given the important role it could play regionally and as part of the wider African family.

4.168. To conclude, the delegation of Senegal wishes your country, you and your delegation, every success in your Trade Policy Review exercise.

#### **NAMIBIA**

4.169. Angola and Namibia have an excellent trade and economic relations through regional agreements and bilateral cooperation, including Trans-Frontier Agreements which aims to facilitate trade among neighbouring countries signed this year.

4.170. Namibia commends Angola for making considerable progress in stabilizing its economy since the first Trade Policy Review, which took place in 2006. It was also important to have noted that Angola had implemented policies aim to fight poverty and guarantee the process of economic reconstruction, particularly the approval of its long term National Development Strategy, known as "Angola 2025".

4.171. Namibia welcomes Angola's commitment to open up its market and boost its economy, by fully taking part in the multilateral, regional and bilateral trade agreements.

4.172. Despite the inherent constraints due to the war, the Angolan Government should be commended for its commitment to improve the living standards of its citizens. We wish to encourage other trading partners of Angola to strengthen support for the Angolan Government to achieve its economic growth.

#### REPUBLIC OF THE CONGO

4.173. Madam Minister, I must congratulate you on your very clear and enlightened opening statement. It gave us an understanding of how your country's economy and trade have changed, and of the reforms conducted in recent years.

4.174. This presentation has given us a comprehensive view of the efforts made by the Angolan authorities to integrate the country more fully into international trade.

4.175. I congratulate and thank the discussant, His Excellency Mr Carim Xavier, Ambassador and Permanent Representative of South Africa, for his brilliant, fascinating statement.

4.176. I must also congratulate my colleague, Ambassador Apolinário and his delegation, on their involvement in negotiations at the WTO.

4.177. I should also sincerely thank the WTO Secretariat for its work and the wealth of documents it has produced to help us in our appraisal during this important exercise.

4.178. Angola and Congo are fellow countries destined to live together by their history and geography. The direct consequence of this is ever increasing trade cooperation between us, as evidenced by the signing of the latest bilateral agreements in April this year.

4.179. All the efforts of both our countries are currently focused on economic and social development with a view to creating conditions conducive to our peoples' welfare. Recent studies show that over recent years, Angola and Congo have experienced high levels of economic growth, human development and political stability.

4.180. I am pleased that in its report Angola reaffirmed its commitment to regional integration within the Economic Community of Central African States (ECCAS), to which both Angola and Congo belong and whose strategic vision is to build and foster an economic area of peace, prosperity, solidarity and progress. This Community focused strategy cannot fail to boost trade between our two countries at a time when intra African trade is becoming a major challenge in the international economic environment.

4.181. My delegation notes with satisfaction that in the period 2006-2014, the Angolan economy grew at an average annual rate of 6.7%.

4.182. Led by exports of raw materials, this performance enabled Angola to reduce its poverty rate from 62% in 2001 to 37% in 2009, and to gear itself towards economic diversification.

4.183. The delegation of Congo welcomes the reforms Angola has made to the tax system and public expenditure, as well as to the construction and rehabilitation of economic and social infrastructures. These measures leave it in a good position to graduate from LDC status.

4.184. To conclude, my delegation shares the Angolan Government's enthusiasm to implement essential measures to re-establish its capital of trust and credibility, and thus improve the investment climate in the country.

4.185. I wish Angola every success in its second Review and in implementing the recommendations produced.

#### DEMOCRATIC REPUBLIC OF THE CONGO

4.186. The size of the Angolan delegation is sufficient evidence of the very close attention paid by the country to development, of which trade is one of the chief drivers.

4.187. It is not therefore surprising that in a very short time Angola's status as a least developed country will be nothing more than a bad memory and old news. Indeed, profound reforms made by the Government have contributed to sustained economic growth despite the recent shocks caused by the collapse in the price of oil – a substantial generator of export revenue whose key role in GDP is common knowledge.

4.188. We welcome the adoption of incentives for foreign direct investment to stimulate the establishment of small, medium sized and micro enterprises. The delegation of the Democratic Republic of the Congo is persuaded that Angola's economic buoyancy and the implementation of the reforms it has adopted will help to create jobs and reduce the poverty that still affects a significant proportion of the population.

4.189. Angola has demonstrated to us its ability to overcome the huge challenges it has faced for decades and its determination to make the best use of its vast potential and existing mineral, maritime and agricultural wealth.

4.190. The Democratic Republic of the Congo and the Republic of Angola have age old, close trade and economic relations as a result of our shared land border and common maritime boundary. Because of our special relationship we wish Angola the brightest of futures and its delegation a successful conclusion to the review of the country's trade policies.

#### URUGUAY

4.191. We must acknowledge the efforts made by Angola to improve economic performance, and the results are reflected in the country's indicators in the form of increased per capita GDP.

4.192. Nonetheless, Angola continues to be overwhelmingly dependent on crude oil production and exports, a situation that has a number of consequences for its economy and its future.

4.193. It is interesting that the Secretariat notes the country's agricultural potential in terms of both soil quality and citrus resources. However, Angola must address problems relating to infrastructure and the expansion of its agricultural market.

4.194. Although we have not raised any questions with Angola we are concerned at the increase in agricultural tariffs and would be interested to learn the underlying reasons.

4.195. Given Angola's agricultural potential, we believe that it should be among the Members with the greatest interest in liberalizing international trade in agriculture and eliminating trade distorting agricultural subsidies as this would generate enormous opportunities for the country.

4.196. Uruguay is keen to boost its trade relations with Angola. We already export fish, dairy products and fresh fruit and there is room for cooperation in agricultural and livestock production as well as for investment.

4.197. To that end, Uruguay recently opened an Embassy in Luanda to support and enhance bilateral relations. We hope that Angola will become an important trading partner for Uruguay and that this will help to achieve this goal.

4.198. Lastly, Uruguay would like to commend Angola for the work it has done in preparation for this Review, and the progress it has made. Clearly, the challenges it faces are to diversify the economy, reduce reliance on the oil economy, and consolidate the country's institutions.

**THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU**

4.199. My delegation recognizes the efforts made since the end of the civil war in terms of reform, although there was still much work to be done. We note Angola's economic performance has also improved by foreign direct investment and the expansion of private sector credit. We welcome these efforts by the Government of Angola to provide a basis for business, which would promote economic growth in Angola.

4.200. We are seeing that Angola continued the efforts to liberalize and facilitate trade such as starting the operation of risk management in customs procedures. We support Angola's commitment of its further liberalization and pursuing for sustainability. However, we encourage Angola to improve some areas such as SPS, TBT, and import licensing regime.

4.201. Now, I would like to touch upon our bilateral trade relationship. Angola is our largest trading partner in Africa. The relationship was dominated by energy and related products. We hope that bilateral trade would grow more balanced in the future.

4.202. Finally, we would like to reiterate our hope that Angola will continue its efforts in diversifying its export products and modernization in order to benefit from the multilateral trading system. We encourage Angola to pursue the challenge of diversification, with an emphasis on good governance.

**MOZAMBIQUE**

4.203. The delegation of Mozambique aligns with the statements presented by some of the previous speakers, and would like to recognize the great efforts and hard work done and in progress, by the Government of Angola, aiming at consolidating the peace and reconciliation in the country, one of the basic and fundamental pre-conditions for trade and business to flourish; and for the promotion of favourable environment for economic development.

4.204. Mozambique notes with satisfaction that the Government of Angola embarked upon various processes of adoption of policies and strategies, aiming at implementing reforms and programmes towards development, mindful that the referred reforms are crucial and necessary in the context of efforts designed to bring solutions to the enormous economic and social structural challenges.

4.205. Political, historical and cultural ties, maintain our two peoples in a brotherhood and friendly atmosphere, inspiring for progressive economic linkages that are flourishing gradually.

4.206. My delegation is pleased to see encouraging progress in the productive sphere, development of the family-run agriculture, food and nutrition security, research and technological development, rural development, as well as the fostering of the commercial agriculture, despite the falls of the oil market prices.

4.207. From the report, we note that one of the most positive elements is the fact that the referred actions in progress have been being undertaken, taking always into consideration the maintenance of the sustainability of the natural resources.

4.208. The strategic objectives 1, 2, 3 and 4, defined for the agrarian sector, are of crucial relevance for the structural transformation of the country's economy, including all the actions carried out all over the economic sectors, including the tertiary; which implementation will impact on the domain of exports of Angola and influence in speeding up the processes of economic development and graduation of the country to a middle income.

4.209. We are aware of the formidable challenges faced by this country in many areas of development, especially infrastructure, poverty eradication and others, that constitute limitative elements to the country's development potential.

4.210. Even though, we are encouraged by all the actions being carried out by the Government such as, Policies, Strategies, reforms as well as programmes for industrialization and diversification of the Angola's economy, from which the Development Strategy 2025, PLANG and

PROFIR and others, can be used as good practices, on the focus of job creation, diversification of economy and in the gradual substitution of imports.

4.211. My delegation commends the country for progressively revising trade laws in view to strengthen them aiming at adjusting them to the evolving trading system, notably through the development of a wide range of regulations in different fields, as well as in taking actions in view to help infant industries to flourish.

4.212. Our point of view is that Angola needs be assisted, through provision of technical assistance and capacity building, so as to be helped in building the necessary and required capacity for development, and be able to continuously participate in the world economy as well as in the implementation of its duties within the various organisations to which is affiliated as Member, such as WTO.

4.213. We are confident that the country will succeed in the implementation of reforms and national development policies; that we encourage continuation, as necessary for consolidating the country's engagement in the regional initiatives and programmes, as well as on activities that may help to contribute to the attainment of the existing national aspirations. We appreciate Angola's active role in the regional and multilateral trading arrangements.

4.214. To conclude, we encourage all the efforts aiming at diversifying the economy, investment in a variety of infrastructures for industry, transport, tourism and other services areas, as well as in all the potential areas for the country's development.

**5 REPLIES BY THE REPRESENTATIVE OF ANGOLA AND ADDITIONAL COMMENTS**

5.1. On behalf of the Angolan delegation, I would like to express our gratitude for the positive and constructive comments, support and encouragement from the WTO Members during this review of trade policy. Although many issues raised in verbal statements are accordingly supported in our written responses, we recognize that Members may present some additional comments in their particular areas of interest.

5.2. I take this opportunity to thank the President of the Session for his clairvoyant form of conducting our activities, my thankfulness to His Excellency Ambassador Mr Xavier Carim, from South Africa, for his brilliant and synthetic presentation of the two reports inherent to this exercise.

5.3. Additionally, the words of appreciation goes to the WTO Secretariat, to the Angolan team in Geneva, particularly to our Ambassador for his outstanding commitment and institutional support, which made it possible in real time, the treatment of the processing to the WTO, and also to the great team that accompanies me, the Government Observers and other Observer Organizations such as the IMF, the World Bank for its given assistance and cooperation, which allowed the presentation of this exam without any constraints.

5.4. The Angolan Government has been implementing the program of accelerated diversification of the economy based on priority clusters, which in oriented-approach, indeed are leveraging the Angolan economy, thus representing the major challenges and stake of the Government for the development of the non-oil sectors.

5.5. Mega clusters of mineral resources, based on mining, ornamental stones, iron, gold and diamond, etc.

- The Cluster of Petroleum and natural gas, based on crude oil and natural gas production and other derivatives;
- The Cluster of food and agro-industry, focused on food and agribusiness industries, constituting a priority in the medium-term (2013-2017) and long-term program (2025);
- The Forest Cluster, focusing on wood, furniture and paper;
- The Clusters of water, cross-feature that is a factor of production for the development of the Angolan economy;
- The Habitat Cluster, asset aimed at construction of housing and related infrastructure;
- The Clusters of textile, clothing and footwear, consisting of two targeted programmes;
- The tourism and leisure Clusters, recovery and enhancement of touristic demand;
- The transport and logistics clusters, based on the construction of transport and logistical infrastructure (railways, logistics units, airports, logistics platforms and others).

5.6. Based on the presentation of the exam on 22 September 2015, including both the summary report by the discussant and the statement of His Excellency President of the Session and taking into account the recommendations of the Member States, we would like to clarify that many of the issues raised have been already responded and sent beforehand by the Angolan Government, though, my delegation continues to receive questions outside the time limits set by the Organization.

5.7. However, with Your Excellency permission, I shall provide some pertinent clarification, in order to dissipate some of the queries raised by the Member States.

5.8. With regards to the business environment, it is to be noted that significant improvements have been observed, including the following examples:

- Commercial License, which even from your home you can, via online, have access to the Integrated System of Commercial Activities (SILAC), completely non-bureaucratic process, with time limits of 3-8 days.
- Creation of the Integrated Foreign Trade System (SICOEX), which simplifies the activity of the importer as well as of the exporter. This system operates in a network, with the central bank and the General Tax Administration (AGT).
- On the extent of the Trade Facilitation, which includes the technical assistance of UNCTAD (United Nation Conference on Trade and Development) the implementation in Angola of Asysuda World System, is in progress, which we believe will simplify the whole process of customs clearance.
- Creation throughout the country of One-stop Shop for setting up businesses;
- Creation of a Single Window with a digital platform of the investor and exporter, in a "One stop service" rationale.
- Creation of a One-stop shop for the Entrepreneur, integrated unit for the establishment of micro, small and medium enterprises.
- Creation of seven tax regions and border customs offices.
- Creation of integrated logistics platforms.
- Construction of Angola railways to facilitate regional integration.
- Enhanced mechanisms for VISA issuing in a simplified and effective manner. The Angolan Government has been celebrating bilateral agreements on VISA facilitation as occurred with Brazil, Portugal and France.

5.9. The Private Investment Law, recently approved and the creation of the Agency for Investment Promotion and Export of Angola (APIEX), comes to boost ever more the attraction of foreign direct investment. However the Angola investment chart, to be published shortly, will introduce in greater detail the priorities of investment, by sectors and by provinces.

5.10. The creation of Economic Development Zones and the Integrated Industries Poles in strategic areas.

5.11. With relation to Public Enterprises or companies, concern of many Member States, the recently created capital market will open a new financing channel to the Angolan economy through the investment securities portfolio and will be a strategic pillar of promoting transparency of corporate governance and improvement of the business environment, which will spread to the entire business landscape, by the effect of the so called market discipline.

5.12. Concerning the transfer of capital and repatriation of profits and dividends overseas, it is a right granted to foreign investors under the Private Investment Law and the Law of Commercial Societies: the Central Bank adopted policies aimed at adjusting the fiscal accounts, the balance of the monetary and foreign exchange markets as well as the search for new forms of external finance, in particular in international financial markets.

5.13. It should be noted also that Angola is a member of MIGA - Multilateral Investment Guarantee Agency, and recently an investment in the industry sector was targeted of MIGA support.

5.14. With regards to sanitary and phytosanitary measures, the Angolan Government created the National Council for Quality Control and its respective regulation as well as approved a Presidential Decree No. 275/2011 of 28 October, on mandatory laboratorial analysis of import goods and of national production on the part of importers/exporters and producers.

5.15. It approved the Joint Executive Decree No. 273/2013 on post prices of the laboratory analysis of imported goods and of domestic production.

5.16. The National Committee of CODEX Alimentarius (CODEX) Angola continues to ensure the coordination of activities relating to the adoption of sanitary and phytosanitary measures in Angola.

#### **Notifications**

5.17. With respect to notifications of the legal instruments and commercial practices of our country that focus on international trade relations as well as the adequacy of the internal legislation to the norms and principles of the WTO, Angola welcomes the observations made by the different delegations and shall endeavour to overcome the persisting difficulties, and therefore consider as being fundamental the possibility for a technical assistance from the WTO and other bilateral and multilateral development partners.

5.18. On behalf of the Angolan Government, it is indispensable to formulate a deep gratitude to His Excellency President of the Republic, Engineer José Eduardo dos Santos, for the wise leadership in guiding the completion of the second Exam of the Commercial Policy of Angola, highlighting the high level of transparency and good governance. Thank you.

#### **DISCUSSANT**

5.19. Thank you very much Mr Chairman. There is nothing much to add except to extend my very sincere congratulations to the Minister and to the Angolan delegation for their successful participation in this second Trade Policy Review of Angola, and for responding to the many questions posed to them.

5.20. I want to also offer my congratulation the Angolan Government and people on the progress they have registered in promoting their economic development in the short time since 2002. I would only encourage them to continue to pursue their economic diversification and industrialisation objectives in the years ahead.

5.21. The challenges Angola faces with respect to economic diversification are similar to those faced across Africa as we all broad strategies and work programmes aimed at the structural transformation of our economies. There is a great deal of potential to strengthen our collaboration and address our common problems.

5.22. I wish you very well and thank you for the opportunity to be a discussant in this TPR. Thank you.

#### **EUROPEAN UNION**

5.23. The EU would like to thank Angola for the replies it has provided to the EU's questions and the presentation this morning with further clarification of some of the doubts raised by Members. We have read the answers submitted by Angola with great interest and we feel that the TPR has been very instructive.

5.24. As noted last Tuesday by several Members, Angola needs to make additional efforts to improve its business environment. Some of these efforts have been listed today.

5.25. The EU will follow closely the works of the Government and would like to underline that improving the business environment requires also the effective implementation of the various policy initiatives and plans that will be adopted by the Government in the future.

5.26. The EU has submitted a couple of follow-up questions for better understanding certain aspects of Angola investment law and of the "special controls" applicable to the import and export of live fish and fishing boats and looks forward to reading the replies.

**CABO VERDE**

5.27. I have pleasure in welcoming the Honourable Minister of Trade of Angola, Her Excellency Rosa Escórcio Pacavira de Matos, and her distinguished delegation to this trade review policy exercise, with thanks and congratulations on the statements that have been made.

5.28. We are of the view that during the course of this Review, Angola has received a number of positive contributions from its partners about its efforts to improve its policies and has welcomed them openly.

5.29. In its opening statement and its remarks today, the Angolan delegation has provided clarifications and significant additional information, and has presented an outlook that confirms its Government's intention to continue on a positive path that will lead to the country's integration into the international economy and the multilateral trading system.

5.30. This will definitely help boost the chances of success of the policies and measures being implemented by the Angolan authorities. Indeed, the path followed since Angola's first Review, and in particular in the second half of that period, is indicative of a drive in the country where the quest for development has priority over the quest for growth itself, resulting in better services for citizens, all round modernization of instruments for economic management, including significant tax and monetary reforms, and a sharp dip in inflation.

5.31. Additionally, the Angolan authorities have decided to focus on diversifying the country's economy, including industrialization, and have laid the foundations for achieving their long term objectives.

5.32. The potential opened up by the current development strategy in various fields and its implicit potential for investment are huge, for example in infrastructure, agriculture and fisheries to name but a few. In the latter two areas in particular, a domestic market chain and opportunities for international trade will definitely have a key role to play and already promise to make a significant contribution to rural development and poverty reduction.

5.33. Angola has pointed out the difficulties and delays it is experiencing in implementing some of the WTO Agreements and its administration's need for technical assistance to meet that challenge. In its report the Government also spelled out its priorities in this and several other areas.

5.34. Cabo Verde considers that a framework has thus been established to guide the provision of further cooperation from the WTO and the international community, and we would wish to encourage that cooperation for the benefits that it will bring to Angola and all its international trading partners.

5.35. I shall close by wishing Angola every success in its efforts to achieve sustained progress in its development, and especially in its trade policies.

**LESOTHO ON BEHALF OF THE AFRICAN GROUP**

5.36. It is a great pleasure for me on behalf of the African Group to congratulate the Minister De Matos for her wonderful presentation and the responses given in this TPR. It is equally gratifying to note that despite the challenges posed by the setbacks in the major sectors as oil and energy there has been progress and, more importantly, reforms in other areas. And, of course, there are the opportunities in the agricultural sector which has a lot of potential.

5.37. I would also want to congratulate the high-powered Geneva-based delegation that, of course, is very participative and is very instrumental in all facets of international Geneva.

5.38. We wish the Republic of Angola well in their acceleration of efforts, on top of the progress that has already been made, in a courageous room of efforts following the second TPR which will include the suggestions that have been put forward in other areas that have also to be attended as elaborated in the course of today's discussion in this TPR.

5.39. Progress by the Republic of Angola, as a major driver in the regional trade arrangements, which process dovetails with the continental free trade area is good for Africa and, indeed, for the multilateral trading system. Therefore, we are looking forward to supporting Angola in its efforts to make progress in its viable economy.

5.40. We would like to conclude our remarks by saying that the other day I was unable, due to the extensive list of delegations wanting to make interventions, to welcome the Minister and her delegation in Geneva. But all is well that ends well in the sense that we have had benefit of the responses, of the interventions made and we are gratified to see that there are prospects of good success in the Angolan economy, especially given the efforts that have been put in place by the Government. And we wish Angola well.

## 6 CONCLUDING REMARKS BY THE CHAIRPERSON

6.1. The second Trade Policy Review of Angola has provided us with a good opportunity to assess the evolution of its socio-economic, trade and investment policies since its last Review in 2006; we now have a better understanding of the challenges Angola is facing. The review has benefitted from the constructive and informative participation of the large Angolan delegation, headed by H.E. Dr Rosa Escórcio Pacavira De Matos, Minister of Trade; the insightful comments by the discussant, H.E. Ambassador Xavier Carim, Permanent Representative of South Africa to the WTO; and the numerous enriching interventions by Members. Members appreciated Angola's responses to some 130 advance written questions, and look forward to answers to any outstanding questions no later than one month after this meeting.

6.2. Members commended Angola on its impressive recovery from its civil war and on its economic performance that has put it on track to graduate from LDC status. Economic growth has been supported by significant public investment in infrastructure (including utilities) and by high world prices for its main exports, crude oil and to a lesser extent diamonds. However, growth has slowed down since 2009 due to a less favourable international environment. Accordingly, Members enquired about the expected negative impact of the recent drop in international oil prices on social and economic performance indicators, and about the steps being taken to address it.

6.3. Noting that Angola's dependence on oil renders its economy highly vulnerable to external shocks, Members encouraged it to continue with its diversification efforts by identifying sectors of promising growth. On the business environment, Members praised Angola for the steps already taken but expressed concerns about its restrictions on payment transfers, its visa issuance system, and its opaque regulatory and investment procedures. They also enquired about Angola's plans to establish a one-stop shop for administrative procedures.

6.4. Members commended Angola on its active participation in the WTO. They sought details about Angola's involvement in various bilateral and regional trade liberalization initiatives. The recent adoption of several trade facilitation measures by Angola, including the elimination of pre shipment inspection and the revamp of fiscal administrations, was generally welcomed. Members encouraged Angola to submit its Category A notification and ratify the Trade Facilitation Agreement. Members also urged Angola to submit other outstanding notifications on, inter alia, SPS, TBT, subsidies and state-trading enterprises, with a view to further improving transparency. Some Members pointed out that technical assistance may be beneficial for Angola to better implement the WTO Agreements.

6.5. Members noted that Angola had also implemented a number of measures aimed at import substitution. Its applied tariff rates have been significantly increased and range from 2% to 50%, with a simple average of 10.9% (up from 7.4% in 2005). Members urged Angola to rectify the instances where applied tariff rates and other duties and charges exceed the corresponding bound levels. Several Members invited Angola to clarify the status of its recent Decree on import quotas, which is yet to be implemented. In lieu of import substitution, Members suggested that Angola reduce production costs through lower import tariffs on inputs and further trade facilitation measures with a view to enhancing competitiveness and promoting local production.

6.6. Members welcomed Angola's new mining code and sought information about opportunities for foreign operators. Clarifications were sought about Angola's agricultural policy aiming at food security and about the sustainability of its fisheries sector. Some participants enquired Angola's plans to broaden its GATS commitments beyond its three existing sectors. Members were also interested in the Government's priorities regarding, inter alia, competition policy, SPS and TBT regimes, and state-trading and state-owned enterprises. Noting that Angola's intellectual property regime had not been substantially updated since 1992, Members urged the country to effectively implement the TRIPS Agreement and to broaden its participation in international conventions on intellectual property.

6.7. This second Review of Angola's trade policies and practices is timely. I am certain that Angola will take into account the results of this Review to further develop its economic and trade policies with a view to enhancing competitiveness and addressing current difficulties and future challenges. The large number of advance written questions and of delegations that took the floor during our two days of discussions highlight the interest Members attach to Angola's trade and related

policies. I urge all Members to strengthen their support to Angola's development and reform efforts.

6.8. In closing, I would like to thank Minister Rosa Escórcio Pacavira De Matos and the rest of the delegation from Luanda, Ambassador Xavier Carim as discussant, the Members, the Secretariat, and the interpreters for their contributions to the second Trade Policy Review of Angola.

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