



ANGOLA  
INVESTMENT CLIMATE STATEMENT  
2015

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## **Executive Summary**

Angola is a country located in south-central Africa. Angola has one of the world's fastest growing economies, and as sub-Saharan Africa's second largest oil exporter and third largest trading partner with the United States, Angola plays an increasingly vital role to U.S. interests. For Angola, 97 percent of its entire export market through the African Growth and Opportunity Act (AGOA) was in oil with modest exports of diamonds, wood and other items. In the context of significant oil price declines, the Government of Angola (GOA) is focusing heavily on economic diversification to diminish its dependence on imports and to build its exporting capacity.

Angola gives special importance to the development of agriculture and agro-industry, fisheries, and manufacturing as part of its diversification strategy. The government's strategy focuses on promotion of Small and Medium Enterprises (SMEs) to generate additional revenue, reduce poverty, stimulate investment in infrastructure to reduce transaction costs, and improve the country's economic competitiveness. Since the civil war ended in 2002, Angola has made great efforts towards its development goals by creating a basis for private sector development. Despite these efforts much remains to be done and the government has shown political commitment to reach this goal of diversification.

Angola was designed as one of three Strategic Dialogue Partners by the United States in the African Continent. In May 2014, Secretary John Kerry visited Luanda and subsequently hosted the Angolan Foreign Minister in Washington for a high level meeting to discuss details on the Strategic Partnership Dialogue in December 2014.

Angola is emerging as a key U.S. strategic partner in Africa. The U.S. Mission concentrates on eight key areas of dialogue: political-social/regional stability, trade/economic growth, health, energy, agriculture, regional security cooperation focused on maritime security and peacekeeping, education, and consular. To strengthen the U.S. engagement on these issues, the Department of Commerce (FCS) and the Department of Agriculture (FAS) both opened new offices in Luanda in 2014.

### **1. Openness To, and Restrictions Upon, Foreign Investment**

#### **Attitude toward Foreign Direct Investment**

The Angolan government actively seeks foreign direct investment (FDI) through its investment promotion/regulatory body the National Agency for Private Investment (ANIP). Angola's private investment law describes the benefits and incentives available for investors. The minimum size requirement to qualify for investor status incentives was increased from USD 100,000 to USD 1 million in 2011. Investors must enter into an investment contract with ANIP which establishes the conditions for the investments as well as the eligible incentives. The incentives, which include repatriation of funds for foreign investments, tax deductions, and exemption from certain taxes and duties, are negotiated with ANIP and other local ministries on a case-by-case basis. In determining whether to grant incentives, consideration will be given to the economic and social impact of the investment according to the economic development strategy set by the Angolan executive. The most generous benefits are offered to companies

investing outside of the petroleum industry and in geographic areas, which are least-developed. In addition to the process described above, investments with a value between USD 10 million and USD 50 million must be approved by the Council of Ministers, and investments above USD 50 million require the approval of an ad-hoc Presidential committee. The Council of Ministers has 30 days to review an application, although in practice decisions by the Council of Ministers may be subject to lengthy delays.

The private investment law expressly prohibits private investment in the areas of: defense, internal public order and state security, banking activities relating to the operations of the Central Bank and the Treasury, the administration of ports and airports, and other areas where the law gives the state exclusive responsibility. However, it is common for Angolan companies to partially or completely subcontract the entire project to foreign companies. Investment in the petroleum, diamond, and financial sectors is governed by sector-specific legislation.

Angola's foreign exchange laws require all companies operating in Angola to make all payments through locally domiciled banks using the Angolan kwanza (AOA). This law aims to strengthen demand for the AOA, thereby building up the capacity of Angola's underdeveloped financial sector. The law has been implemented in two phases. Under the first phase, which came into force in early 2012, oil companies are required to pay their taxes owed to the Angolan treasury through a local bank. Under the second phase, which came into force in July 2013, companies operating in Angola must use local banks to make all payments, including payments to suppliers and contractors located outside of Angola.

Obtaining the proper permits and business licenses to operate in Angola can be time-consuming. The World Bank's 2015 Doing Business report identified Angola's permit and licensing process as one of the most time-consuming of all countries surveyed ranking it 181 out of 189 economies. To start a business it takes 66 days on average, compared to the regional average of 27 days. While the government has established the Guichê Único, a one-stop shop, the process still remains slow. After visiting the Guichê Único, new businesses must still complete additional processes at the Ministry of Commerce, the tax office, and in the provincial court where the business is domiciled. In 2012, the government opened approximately twenty Balcões Únicos do Empreendedor, one-stop-shops to serve a similar role for micro, small and medium-size enterprises.

Angolan or other companies familiar with the bureaucratic and legal complexities of the business environment hold an advantage over newcomers. The Promotion of Angolan Private Entrepreneurs Law gives Angolan-owned companies preferential treatment in tendering for government contracts for goods, services, and public works. Furthermore, only firms with a majority Angolan stake can benefit from the loan guarantees, generous terms, and subsidized interest rates of the newly implemented USD 1.6 billion fund to support micro, small, and medium-sized businesses. Additionally the Angolan government has required companies in certain fields to become 100 percent Angolan owned without grandfathering existing companies.

### **Other Investment Policy Reviews**

Angola has been a member of the World Trade Organization (WTO) since 1996. The WTO has scheduled a trade policy review of Angola for September 2015. There have been no investment

policy reviews from either the Organization for Economic Cooperation and Development (OECD) or the United Nations Conference on Trade and Development (UNCTAD) in the last three years.

The business environment remains one of the most difficult in the world. Investors must factor in pervasive corruption, an underdeveloped financial system, poor infrastructure, and extremely high on-the-ground costs. Surface transportation inside the country is slow and expensive, while bureaucracy and port inefficiencies complicate imports and raise costs.

### **Laws/Regulations of Foreign Direct Investment**

There have been no investment policy reviews for Angola from either the Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO), or the United Nations Conference on Trade and Development (UNCTAD) in the last three years. The WTO has scheduled a trade policy review of Angola for September 2015. The business environment remains one of the most difficult in the world. Investors must factor in pervasive corruption, an underdeveloped financial system, poor infrastructure, and extremely high on-the-ground costs. Surface transportation inside the country is slow and expensive, while bureaucracy and port inefficiencies complicate imports and raise costs.

### **Industrial Promotion**

The Angolan government has not released any information on industrial promotion activities.

### **Limits on Foreign Control**

According to Angolan law, the State permit foreign nationals and residents to rent land for a maximum length of 99 years, though this is renewable. However, land ultimately belongs to the state.

### **Privatization Program**

The Angolan government is seeking to privatize select SOEs. Beginning in 2013, the government privatized two textile factories, and is currently privatizing a third, which is expected to be complete by the end of 2015. The State is also planning to start the privatization of electricity companies by the end of 2015. In the interim, these are still public companies, but the government intends to open the entire electricity sector to both foreign and domestic private firms.

### **Screening of FDI**

The Angolan government actively seeks foreign direct investment (FDI) through its investment promotion/regulatory body the National Agency for Private Investment (ANIP). Angola's private investment law describes the benefits and incentives available for investors. The minimum size requirement to qualify for investor status incentives was increased from USD 100,000 to USD 1 million in 2011. Investments with a value between USD 10 million and USD 50 million must be approved by the Council of Ministers, and investments above USD 50 million

require the approval of an ad-hoc Presidential committee. The Council of Ministers has 30 days to review an application, although in practice decisions by the Council of Ministers may be subject to lengthy delays.

### Competition Law

Angola does not have a competition policy or law.

### Investment Trends

Not applicable.

*Table 1*

| Measure  | Year | Index or Rank | Website Address  |
|--|------|---------------|--|
| <b>TI Corruption Perceptions index</b>                             | 2014 | 161 of 175    | <a href="http://transparency.org/cpi2014/results">transparency.org/cpi2014/results</a>   |
| <b>World Bank's Doing Business Report "Ease of Doing Business"</b> | 2015 | 181 of 189    | <a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>   |
| <b>Global Innovation Index</b>                                     | 2014 | 135 of 143    | <a href="http://globalinnovationindex.org/content.aspx?page=data-analysis">globalinnovationindex.org/content.aspx?page=data-analysis</a> |
| <b>World Bank GNI per capita</b>                                   | 2013 | USD<br>5,010  | <a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>                             |

## 2. Conversion and Transfer Policies

### Foreign Exchange

Economic and financial reform measures in recent years have improved local access to foreign exchange and facilitated the remittance and transfer of funds. However, during both the 2008 global financial crisis and the current oil shock which has seen Angola's oil revenues decline by over 60 percent, the government sharply reduced the amount of U.S. dollars made available to the commercial banking system. While the investment law passed in May 2011 guarantees the repatriation of profits for officially approved foreign investments, businesses have reported difficulties repatriating profits out of Angola. Transfers above a certain amount require Central Bank (Banco Nacional de Angola or BNA) approval and commercial banks may be reluctant to go through the required bureaucratic process. Transfers of funds out of Angola to purchase merchandise for future sale/use in Angola that can be supported by pro-forma invoices are easier to process. In addition, the Central Bank can temporarily suspend repatriation of dividends or require that repatriation take place in installments if immediate repatriation would have an adverse effect on the country's balance of payments. In the aftermath of its 2009 temporary suspension of wire transfers, the BNA is requiring much more detailed information from the transferring entity, including copies of employment contracts for any individuals paid off-shore with U.S. dollars. These new documentation requirements are expected to be permanent and

have significantly increased the BNA's approval time for transfers. In turn, retail banks cannot process transfers automatically as is customary in countries like the United States.

#### *Remittance Policies*

As part of the due diligence process, U.S. banks can at times delay transfers from Angola to the U.S. All transfers from Angola to the U.S. are currently processed through correspondent banks, as Angolan banks have yet to establish direct relationships with any U.S. banks.

### **3. Expropriation and Compensation**

Article 14 of the Constitution of Angola guarantees that the state will respect and protect private property of both individuals and corporate entities. Article 37 goes on to state that while government expropriation is allowed, it can only be done for public use and conditioned upon prompt payment of just compensation.

### **4. Dispute Settlement**

#### **Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts**

Angola's legal system is based on the Portuguese civil law system and customary law, recently modified to accommodate political pluralism and increased use of free markets. The judicial system includes municipal and provincial courts at the trial level and a Supreme Court at the appellate level. Courts base their judgments on legislation and precedent is not binding.

The World Bank's 2015 Doing Business report ranked Angola 187 out of 189 economies in the area of contract enforcement, and estimates takes an average of 1,296 days, at an average cost of 44.4 percent of the value of the claim. While a law adopted in 2003 introduced the concept of domestic and international arbitration, the practice of arbitration still has not been widely implemented.

In 2008, the Attorney General ruled that Angola's specialized tax courts were unconstitutional. This effectively left businesses with no legal recourse to dispute taxes levied by the Ministry of Finance, as the general courts consistently rule that they have no authority to hear tax dispute cases and refer all cases back to the Ministry of Finance for resolution.

#### **Bankruptcy**

As a former Portuguese colony, Angola inherited the Portuguese Insolvency legislation. The current civil procedure code in force since 1961 establishes two different processes:

1. A bankruptcy procedure applicable exclusively to commercial debtors
2. An insolvency procedure applicable to non-commercial debtors

#### **Investment Disputes**

Not applicable.

## **International Arbitration**

In 2003, the Arbitration Law N°16/03 introduced the concept of domestic and international arbitration. Notwithstanding, the practice of arbitration has not been widely implemented.

Angola is not a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Award (1958 New York Convention) or a member state to the International Centre for Settlement of Investment Disputes (ICSID Convention), nor the United Nations Convention on the International Sale of Goods (CISG).

Angola is a member of the Multilateral Investment Guarantee Agency (MIGA), which can provide dispute settlement assistance as part of its political risk insurance products.

The average length of local investment/commercial dispute resolution proceeding is 4 years.

### *ICSID Convention and New York Convention*

Angola is not a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Award (1958 New York Convention) or a member state to the International Centre for Settlement of Investment Disputes (ICSID Convention)

## **Duration of Dispute Resolution**

The Angolan justice system is slow, arduous, and not always impartial. Most businesses avoid taking commercial disputes to court because they feel they will not get adequate relief.

## **5. Performance Requirements and Investment Incentives**

### **WTO/TRIMS**

Not applicable.

### **Investment Incentives**

Angola's investment law gives foreign and domestic investors equal access to investment incentives. Incentives for such high-priority sectors as agriculture, manufacturing, energy, water, and housing include exemption from industrial and capital gains taxes for up to 10 years and from customs duties for up to 6 years. Many foreign companies now operating in Angola enjoy some form of tax or duty waiver. Companies need to apply for such incentives when submitting an investment application to ANIP. The government encourages “Angolanization” of companies’ work force and urges use of Angolan suppliers of goods and services. Presidential Decrees 5/95 and 6/01 limit expatriate staffing of local companies set up in Angola by national or foreign investors to 30 percent of the workforce and require Angolan and expatriate staff with the same jobs and responsibilities to receive the same salaries and social benefits. Enforcement of these laws is inconsistent. A 2008 decree requires oil companies to first seek Angolan employees to fill any vacant position prior to seeking expatriate appointment, which must first be authorized by the Ministry of Petroleum. International oil companies are working with the

government on a new local-content initiative that will establish more explicit sourcing requirements for the petroleum sector in staffing and material.

At this time, local content regulations offer only guidelines that are loosely enforced and companies lack clarity as to how much is enough to satisfy the Angolan government. While this situation may make it easier for foreign companies to comply with local content regulations, it makes it difficult for one company to ascertain its competitive position relative to a competitor when competing for lucrative concessions and licenses from the government as local content is sometimes considered during competition for government tenders.

In recent years, the government has in some ways enforced Decree 5/95 more strictly. Expatriate employees typically receive no more than three renewals to their one-year work visas, for a total of three to four years in country. Approval for the fourth year is contingent upon the company's identifying the Angolan employee who will take over the position after the expatriate leaves. After multiple renewals, some expatriate workers get around these limits by asking for residency or starting a new process.

In the oil and diamond sectors, contracts with the government spell out the commitments companies make to invest in infrastructure and social services to benefit local communities, such as building schools, equipping hospitals, or funding microcredit programs. To win concessions, companies offer one-time social benefit bonuses that can be in excess of USD 80 million. The government also encourages downstream investments in facilities such as refineries and diamond-processing plants. Some examples include the Angola LNG plant and the proposed oil refinery in Lobito.

The Angolan government requires an Environmental Impact Study for investments in petroleum, mining, road construction, or power stations. The Ministry of Environment must approve all Environmental Impact Studies before projects can be licensed.

#### *Research and Development*

Not applicable.

#### **Performance Requirements**

Not applicable.

#### **Data Storage**

Not applicable.

### **6. Right to Private Ownership and Establishment**

While foreign investors can set up fully owned subsidiaries in most sectors, they are frequently encouraged, but not required, to take on local partners.

Foreign and domestic private entities have the right to establish, acquire, and dispose of interests in business enterprises. Public enterprises hold some practical advantages in access to markets and credit as the Ministry of Finance offers credit guarantees for projects that intend to benefit the public good. Under the new constitution, which took effect in February 2010, all non-urban and some urban land is declared to be under state ownership, but can be leased to private entities.

Oil and diamond production and exploration rights are granted for limited periods of time and only as partnerships between private companies and the resource owners, Sonangol and Endiama, respectively. Recent changes to the mining code have allowed for the possibility of a single contract for exploration, mining, and commercialization of diamonds, processes that were once governed by separate contracts. Both oil and diamond exploration concessions normally last for ten years. The government allows and encourages public-private partnerships and participation of private investors in public utilities such as electricity and water. Private companies have concessions to operate hydroelectric dams and shipping terminals in the port of Luanda.

## **7. Protection of Property Rights**

### **Real Property**

Angola's Law on Land and Urban Planning affirms that all land ultimately belongs to the State but permits most urban and some non-urban land to become effectively privately owned through long-term renewable leases, often for 60 years, from the Angolan government. Registering parcels of land over 10,000 hectares must be approved by the Council of Ministers. Registering property takes 190 days on average, according to the World Bank's Doing Business 2015 survey, with fees averaging three percent of property value. Owners must also wait five years after purchasing before selling land. Implementing regulations, once written, are expected to set out guidelines defining different forms of land occupation, including commercial use, traditional communal use, leasing, and private homes.

### **Intellectual Property Rights**

Angolan law recognizes the protection of intellectual property rights. Angola's National Assembly adopted the Paris Convention for the Protection of Industrial Intellectual Property in August 2005, incorporating the 1979 text and the patent cooperation treaty concluded in 1970 and amended in 1979 and 1984. The Ministry of Industry administers intellectual property rights for trademarks, patents and designs under Industrial Property Law 3/92. The Ministry of Culture regulates authorship, literary, and artistic rights under Copyright Law 4/90. However, no court case involving U.S. intellectual property has ever tested the strength of these laws. Angola is a member of the World Intellectual Property Organization (WIPO) and follows international patent classifications of patents, products, and services to identify and codify requests for patents and trademark registration. There are currently no statistics available regarding counterfeit goods seized by the Angolan government. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>

IAPI (Instituto Angolano de Propriedade Intelectual) is a governmental body within the Ministry of Industry charged with improving IP. IAPI deals primarily with the manufacturing sector. IP issues related to print media, visual media, and musical production are managed through the Ministry of Culture. Despite this, there are holes in the legal structure, and enforcement of existing legislation is weak to nonexistent. IP infringement is rampant, most notably in the production and distribution of pirated CDs, DVDs, and other media, largely for personal consumption.

INADEC (Instituto Nacional de Defesa dos Consumidores), under the umbrella of the Ministry of Commerce, tracks and monitors the seizure of counterfeit goods. They do not currently have a website, nor do they regularly publish statistics. They publish the seizure of counterfeit products on an ad-hoc basis, primarily in the government-owned daily, *Jornal de Angola*.

#### *Resources for Rights Holders*

Embassy Point of Contact: Luis Fernandes – LuisF@State.gov

For a list of local lawyers, see:

Rui Amendoeira, Agostinho Pereira de Miranda, Carlos Costa Pina (Lisbon Based, but with local partner below)

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Largo das Imgombotas No. 9

## **8. Transparency of the Regulatory System**

The regulatory system is complex, vague, and inconsistently enforced. In many sectors, no effective regulatory system exists. The Angolan Communications Institute (INACOM) sets prices for telecommunications services and is the regulatory authority for the telecommunications sector. Revised energy-sector licensing regulations have improved legal

protection for investors to attract more private investment in electrical infrastructure, such as dams, power plants and distribution grids.

## **9. Efficient Capital Markets and Portfolio Investment**

Angola's financial sector, though still underdeveloped, has grown rapidly and key indicators have improved in recent years. As of December 2013, the latest figures available, total customer deposits with the Angolan commercial banks stood at AKZ 3,9 trillion (USD 39 billion), an increase of 12.74 percent over 2012. Most banks focus their operations on such short-term commission-related activities as currency trading and trade finance. Foreign investors do not normally access credit locally, and local investors either self-finance or seek financing from non-Angolan banks and investment funds. Subsidized government loan programs to promote economic development, like the new USD 1.6 billion fund to support micro, small and medium-sized enterprises, are available only to majority-owned Angolan companies.

### **Money and Banking System, Hostile Takeovers**

In the past, triple-digit inflation resulted in a high level of dollarization in the economy and banking system, with the majority of banking assets held in dollars. Since the end of the civil war in 2002, the Central Bank has devoted considerable effort to rebuilding trust in the kwanza, bringing inflation below 7 percent in 2014. Given that the kwanza continues to be more stable, the Central Bank established a new monetary policy framework in October 2012. A newly created Monetary Policy Committee implements monetary policy that is guided by two new concepts published daily by the Central Bank—a Base Interest Rate and a Luanda Interbank Offered Rate (LUIBOR). The mandatory reserve requirement for non-government deposits in kwanzas is 20 percent, and in foreign currency is 15 percent. The reserve requirement for government deposits is 100 percent, a measure that seriously limits lending by state-owned banks.

Angolan banks extend little unsecured credit, instead requiring significant amounts of collateral in the form of property or dollar deposits from the borrower. Commercial credit in Angola remains tight. Unclear land titles and ill-defined property rights may, in some instances, complicate and lengthen the process of applying for a mortgage.

While the Central Bank tries to limit foreign currency risk, some loans are denominated in foreign currencies but are consequently weighted at 130 percent for the calculation of risk-weighted assets.

Angola banks largely seek transactional banking, short-term trade financing, foreign exchange, and investments in high-interest government bond as a means of making profits, though increasingly also from loans, especially to the construction sector. Traditional commercial loans are still only a small part of banking in Angola however. In the past, state and state-affiliated companies enjoyed privileged access to loans, often at concessionary rates without regard to risk, leading to several bank failures.

The Central Bank has developed a market for short-term bonds, called Títulos do Banco Central, and long-term bonds, called Obrigações do Tesouro. Most of these bonds are bought and held by

local Angolan banks. The Obrigações have maturities ranging from one to 7.5 years, whereas the Títulos have maturities of 91 to 182 days. For information on current rates, see <http://www.bna.ao/>.

In August 2012, Russia's second-largest bank, VTB (Vneshtorgbank/ Foreign Trade Bank), managed the sale of Angola's first international bond, a USD 1 billion, 7-year paper with a seven percent yield through private placement.

## **10. Competition from State-Owned Enterprises**

In Angola certain State-owned enterprises (SOEs) exercise delegated governmental powers, especially in the mining sector where the government is the sole concessionaire. Foreign investors may sometimes find demands made by SOEs excessive, and under such conditions, SOEs have easier access to credit and government contracts. There is no law mandating preferential treatment to SOEs, but in practice they have access to inside information and credit. Currently, SOEs are not subject to budgetary constraints and quite often exceed their capital limits.

SOEs—often benefitting from a government mandate—operate mostly in the extractive sectors, transportation, commerce, banking, and construction. All SOEs in Angola are required to have boards of directors, and most board members are affiliated with the government. SOEs are not explicitly required to consult with government officials before making decisions. By law SOEs must publish annual financial reports for the previous year in the national daily newspaper by April 1. Such reports are not always subject to publically released external auditing (though state oil firm Sonangol is publically released). The standards used are often questioned. Although not all SOEs fulfill their legal obligations, few are sanctioned.

### **OECD Guidelines on Corporate Governance of SOEs**

Angola does not adhere to the OECD guidelines on corporate governance for State-owned enterprises.

### **Sovereign Wealth Funds**

In October 2012, Angola established the Fundo Soberano de Angola (FSDEA) a petroleum-funded USD 5 billion sovereign wealth fund that has an expressed purpose of profit maximization with a special emphasis on investing in domestic projects that have a social component. Angolans are concerned that the President has appointed his son José Filomeno Dos Santos to be the chairman of the fund.

## **11. Corporate Social Responsibility**

There is an awareness of corporate social responsibility among foreign companies and some of the larger local companies. Many foreign companies and a few local ones share concern for the environment and support community projects. Most multinationals from the extractive sector invest significant funds in CSR projects through social benefit bonuses that are a requisite part of the negotiation process for concessions.

For more information on U.S. government policies on issues of corporate social responsibility, please see the U.S. Government Approach on Business and Human Rights, released in May 2013 (the Approach can be found here: <http://www.humanrights.gov/2013/05/01/u-s-government-approach-on-business-and-human-rights/>).

### **OECD Guidelines for Multinational Enterprises**

Angola does not enforce to the OECD guidelines for multinational enterprises.

### **12. Political Violence**

Political violence is not a high risk throughout most of Angola. The most significant incident of political violence since the end of the civil war was the January 2010 attack on the Togolese national soccer team by FLEC-PM (Front for the Liberation of the Enclave of Cabinda—Military Position), an offshoot of the longstanding FLEC separatist group in the northern province of Cabinda. The team was traveling through Cabinda by road to take part in a soccer tournament when FLEC operatives ambushed it. Three people were killed and nine people injured in the attack.

### **13. Corruption**

Corruption, including bribery, raises the costs and risks of doing business and can create an uneven playing field for foreign investors. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the sector in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both Angola and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

#### *UN Anticorruption Convention, OECD Convention on Combatting Bribery*

Angola is not a member state to the UN Anticorruption convention or the OECD convention on combatting bribery.

#### *Resources to Report Corruption*

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies and the U.S. Embassy in Luanda.

## **14. Bilateral Investment Agreements**

In May 2009, Angola signed a Trade and Investment Framework Agreement (TIFA) with the United States, intended to provide a forum to address trade issues and to help enhance trade and investment relations between the two countries. The first meeting of the TIFA Council under this agreement took place in June 2010. The second meeting took place in April 2014 as part of a work-plan to guide the work of the TIFA Council.

In July 2010, the United States and Angola signed a Memorandum of Understanding establishing a bilateral Strategic Partnership Dialogue, which commits the two parties to increased bilateral partnership.

Angola has bilateral investment agreements in force with Cape Verde, Germany, Italy, and Russia. Angola has also signed agreements with Portugal, South Africa, Spain and the United Kingdom, but these agreements have not yet entered into force. A list of current bilateral investment treaties and their status can be found on the United Nations Conference on Trade and Development (UNCTAD) website.

### **Bilateral Taxation Treaties**

Angola does not have a bilateral taxation treaty with the United States.

## **15. OPIC and Other Investment Insurance Programs**

Since 1994, the Overseas Private Investment Corporation (OPIC) has provided investment insurance to projects in Angola. U.S. investors can apply for OPIC insurance, including coverage under the Quick Cover program for projects valued at less than USD 50 million in key sectors. OPIC's portfolio in Angola currently totals USD 20.1 million. Since the agreement, OPIC has committed more than USD 321 million in financing and insurance across 14 projects in Angola. OPIC's support has helped facilitate critical investments in the energy, services, and health care manufacturing and financial services sectors.

Angola is a member of the Multilateral Investment Guarantee Agency (MIGA), which provides insurance to foreign investors against such risks as expropriation, non-convertibility, and war or civil disturbance. MIGA also provides investment dispute resolution on a case-by-case basis.

## **16. Labor**

Angola's General Labor Law (Law No. 2/00) recognizes the right of workers, except members of the armed forces and police, to form and join independent unions, to collectively bargain, and to strike, but these rights are either limited or restricted. A minimum of 30 percent of workers from a sector at the provincial level and prior authorization by authorities are required and bureaucratic formalities needed to be followed before a union can be established. Unlike workers in the private sector, civil service employees do not have the right to collective bargaining. While the law allows unions to conduct their activities without government interference, it also places some restrictions on engaging in a strike. Strict bureaucratic procedures must be followed for a strike to be considered legal, and the government can deny the

right to strike or obligate workers to return to work. Members of the armed forces, police, prison staff, fire fighters, “essential services” public sector employees and oil workers. The government may intervene in labor disputes that affect national security, particularly strikes in the oil sector. Essential services are too broadly defined, including the transport sector, communications, waste management and treatment, and fuel distribution. Authorities have the power of requisitioning of workers in the essential services sector, and collective labor disputes are to be settled through compulsory arbitration by the Ministry of Labor, Public Administration and Social Security. The law does not prohibit employer retribution against strikers, and it authorizes the government to force workers back to work for “breaches of worker discipline” or participation in unauthorized strikes. The law, however, prohibits anti-union discrimination and stipulates that worker complaints be adjudicated in the labor court. Under the law employers are required to reinstate workers who have been dismissed for union activities.

The law spells out proper procedures for hiring workers. For work contracts of indefinite duration, the law provides for a basic probationary period of up to six months, during which the worker or employer can terminate the contract without notice or justification. After the probationary period ends, dismissed workers have the right to appeal to a Labor Court. Many employers prefer to reach a monetary settlement with workers when a dispute arises, rather than bring cases before the Labor Court. The World Bank Group’s Doing Business in 2015 report placed the average cost of firing a worker in Angola at 26.7 weeks of salary weighting for workers with 1 year, 5 years, and 10 years of tenure. The notice period before dismissing a worker is 4.3 weeks.

The Angolan labor force has limited technical skills, English language ability, and managerial ability. Many employers find it necessary to invest heavily in educating and training their Angolan staff.

The government conducts annual surveys of the oil industry to implement a requirement that oil companies hire Angolan nationals when qualified applicants are available. If no qualified nationals apply for the position, then the companies may request the government’s permission to hire expatriates. Outside of the petroleum sector, policies to encourage “Angolanization” of the labor force, the hiring of locals, discourages bringing in expatriate labor. As a result, visa delays for essential technicians are common.

## **17. Foreign Trade Zones/Free Ports/Trade Facilitation**

Angola is a signatory to the Southern African Development Community (SADC) Free Trade Protocol that seeks to harmonize and reduce tariffs and establish regional policies on trade, customs, and methodology; however, Angola has not yet begun to implement the protocol. A tariff schedule came into force in September 2008 that removed duties on the import of raw materials, equipment, and intermediate goods for industries and reduced tariffs on 58 categories of basic goods. In March 2014, a new tariff schedule entered into force that raised import taxes on items such as beverages and waters, whose rates exceed 30 to 50 percent, in an attempt to protect domestic production. Luxury goods, such as tobacco, gold jewelry, and perfumes are also included and are taxed with a maximum rate of 81 percent. Duties for the import of raw materials used in industrial production are exempted.

Angola has signed customs cooperation agreements with the Democratic Republic of Congo, Namibia, Portugal, São Tomé and Príncipe, and Zambia.

In 2009, Angola established a Special Economic Zone (ZEE) outside of Luanda with a principal objective of reducing Angola's dependence on imports. To that end, the zone offers companies a conveniently located area to base their operations and guarantees a steady supply of water and energy. While the ZEE does not currently offer tax incentives to its twenty resident companies, the management reports that the Ministries of Economy and Finance are currently reviewing proposals to offer such incentives.

## 18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

| Economic Data   | Host Country<br>Statistical source* |         | USG or<br>international<br>statistical source |         | USG or International Source of<br>Data: BEA; IMF; Eurostat;<br>UNCTAD, Other  |
|---|-------------------------------------|---------|---|---------|---|
|   | Year                                | Amount  | Year  | Amount  |   |
| <b>Host Country<br/>Gross Domestic<br/>Product (GDP)<br/>(\$M USD)</b>                    | 2013                                | 124,200 | 2014  | 131,400 | <a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>  |
| <b>Foreign Direct<br/>Investment</b>  | Host Country<br>Statistical source* |         | USG or<br>international<br>statistical source |         | USG or international Source of<br>data: BEA; IMF; Eurostat;<br>UNCTAD, Other  |
| <b>U.S. FDI in<br/>partner country<br/>(\$M USD, stock<br/>positions)</b>                 | NA                                  | NA      | 2013  | 1,286   | <a href="http://www.bea.gov">www.bea.gov</a>  |
| <b>Host country's<br/>FDI in the<br/>United States<br/>(\$M USD, stock<br/>positions)</b> | NA                                  | NA      | 2013  | 141     | <a href="http://www.bea.gov">www.bea.gov</a>  |
| <b>Total inbound<br/>stock of FDI as<br/>% host GDP</b>                                   | NA                                  | NA      | 2013  | -5.7%   | <a href="http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS">http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS</a> |

*Table 3: Sources and Destination of FDI*

Foreign direct investment position data are not available for Angola.

*Table 4: Sources of Portfolio Investment*

Portfolio investment data are not available for Angola.

**19. Contact for More Information**

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