



ANGOLA IS PRESENTLY REGARDED AS THE FASTEST GROWING ECONOMY IN AFRICA AND RANKED AMONGST THE FASTEST GROWING ECONOMIES IN THE WORLD. DESPITE THE ECONOMIC RECESSION, ANGOLA SHOULD MAINTAIN ITS HIGH LEVELS OF GROWTH APPROXIMATELY 9% THIS YEAR. GENERAL SURVEY.

## Angola: a newborn country

On the 4<sup>th</sup> of April 2002, after nearly 30 years of civil war, Angola signed a peace agreement which would positively change the course of the country's history.

The end of the armed conflicts brought political stability and enabled the existence, for the first time in 16 years, of free and democratic elections in the country. These elections took place in September 2008 and as a result of the same the Popular Movement for the Liberation of Angola (MPLA) won, casting an outstanding 81,64 percentage of the votes.

Pursuant to the peace climate, structural reforms started being carried out, notably macro economical and stabilization policies. Said political and financial measures have been highly successful and in consequence, Angola is presently regarded as the fastest growing economy in Africa and ranked amongst the fastest growing economies in the world.

### FROM A MARXIST COUNTRY INTO A FREE-MARKET ECONOMY

Being a large country with a population of around 17.5 million, Angola's climate varies according to region. The north of the country is best known for its hot, tropical and wet climate, whereas as one travels south the conditions tend to become dryer. And despite the alternation from rainy to dry seasons, the country has an agreeable weather which pleases the majority of its visitors.

However, for as attractive as the weather conditions may be, what truly defines this

country's present value is its Government's commitment to progress and investment. In fact, besides being a peaceful country with a strategic geographic location, Angola is now facing macroeconomic stability with sufficient international reserves and inflation in single digits. Furthermore, from a marxist country it turned itself into a pursuer of free-market economy principles, offering credible legal protection and stability to investments. Another important indicator of sustainable growth is that its GDP is now approaching the one experienced in middle income countries — around five thousand USD per capita.

### INCENTIVES: ELIGIBILITY CRITERIA

One of the most treasured and welcomed measures in Angola has been the granting of tax and customs incentives, exemptions and reductions. These are given away in accordance with the sector of activity involved, the development zone in question and the special economic zone. The main sectors of activity covered by the above mentioned benefits are agro-forestry/cattle, manufacturing, fishing, construction, health and education, roadway, railway, port, airport, telecommunications, energy and water infrastructures. On the other hand, in what regards the development zones, one shall bear in mind that the country is divided into three different zones (A, B, and C) which comprise distinct provinces and in that sense, the tax and

customs are applied differently taking into account the localization of the investment project. As for the special economic zones, the latter are determined from time to time on a project need basis.

### EXPLORING NEW SECTORS WHILE THRIVING ON OIL

Although Angola's growth rate is mostly motivated by the oil sector, the Government has realized that its economy should not rely solely upon the rising of oil production and its consequent export earnings. Despite being one of Africa's most resource-rich countries, Angola still imports a significant proportion of its food needs, as well as of its capital and consumer goods, which somehow explains the government latest efforts to develop and contribute to the expansion of other business sectors in the country. In this regard, the Angolan Government is extremely keen on developing the agri-business as well as the manufacturing industry.

### OIL AND GAS: SAME OLD DEPENDENCY

In what regards the energy sector, three main categories shall be taken in consideration: oil, natural gas and renewables. As previously mentioned, Angola's economy growth is mostly due to the increase of oil production and in oil prices. The control of such sector is secured by Sonangol, a state-owned group. ■■■

which works together with big foreign players such as Exxon Mobil, Chevron, Shell, BP, Petrobras, Galp and Total. Angola has been highly dependent on its oil production since the late 1950's, however, it is only now that the country is approaching its true potential, having inclusively overcome Nigeria as the biggest sub-Saharan oil producer in 2008 by producing nearly 2 million barrels per day. Notwithstanding the surprising rise of the last few years, said number is even estimated to further increase to 2.8 million bpd by 2012.

In addition, some new important oil related projects have already been launched, namely the Sonaref project which consists in the construction of a refinery in the coastal city of Lobito. Its operation of heavy crude processing is set to commence within a couple of years time.

Regarding natural gas there are currently some projects in Angola for its transportation from the oil reservoirs located offshore into the international markets starting as of 2012. Attention is presently drawn to Angola's Liquefied Natural Gas Project also known as Angola LNG. Said project consisting in a joint venture between Sonangol, Chevron, BP, Total and ENI, is set to develop a Liquefied Natural Gas plant in Soyo which shall not only provide natural gas for use in the Angolan domestic market, but also to export it to Atlantic Basin markets. Investments are being made so that the production reaches 5.2 million tons per year.

Therefore, despite already being considered a world-class hydrocarbon region, Angola is expected to increase its role in the future not only due to the projected rise in oil production but also to the starting of the production of LNG in Soyo.

### **RENEWABLES: IN SEARCH OF ENVIRONMENTAL FRIENDLY ALTERNATIVES**

Due to the existence of an almost completely destroyed distribution network, as well as to the non-uniformized distribution of electricity in the country, one of the government's post war main concerns has been to bet on renewable energies. In this context, large credit lines have been opened and during the last few months efforts have been made in order to promote the implementation in the province of Huambo of a research and technology center on re-

newable energies. Given the recent construction of dams, hydropower remains the dominant renewable force, but solar and wind power are also beginning to spread through the country. Angola is a country twice the size of France with a relatively small population scattered around the country. For that reason, the transport of energy is very expensive and it makes sense to produce the energy near the consumer.

### **HOUSING AND INFRASTRUCTURES: A WHOLE COUNTRY TO REBUILD!**

The end of a devastating war urged the need for Angola to engage in considerable construction and reconstruction projects. The idea of building an entire country almost from scratch was very appealing to the international investors, so in 2005 Angola started using a vast amount of credit from China to rebuild its public infrastructures, as well as to invest in some other large-scale projects which began to surface. China's financing was almost immediately followed by other countries such as Portugal, which provided 1000 million Euros credit line and Brazil which made available huge credit lines in order to contribute to Angola's overall development, amounting to around 1.750 million USD.

The construction in progress includes roadways, railways and bridges, as well as educational institutions, hospitals and medical centres. Around 5 thousand kilometers of new roads have been built in the past few years.

Ports call for the shipbuilding and repair industry while airports have equally been on high-demand, in particular in what regards the pavement of runways and modernization of its equipments. On the other hand, the fact that Angola hosted the African Cup of Nations (CAN) back in January also lead to the building of 4 soccer stadiums to which it accrued the construction of approximately 40 new hotels, as well as a number of shopping centres and general stores.

However, the support program which has so far deserved the best of international's attention and reviews, has been the national construction program announced in 2008. According to said program public-private partnerships should be created for purposes of building 1 million houses for shack-dwellers by 2012. In this context, several tendering procedures have been carried out and some

contracts have been awarded to local companies for the building of homes. Most of this local companies have international partners who provide the technology and the knowhow.

### **AGRICULTURE: AN AMBITIOUS PLAN TO EXPLOIT THE COUNTRY'S FERTILE SOILS**

The extensive river system, arable lands and large water reserves turn Angola into a high potential tropical and subtropical crop plantation site. However, from its 57.4 million hectares of land only around 5 to 8 million are currently being cultivated.

Angola's national Plan for Agriculture counts with 1,000 million dollars worth of public funding and is set to create 78,000 job positions, as well as to contribute to the construction of 55,000 rural habitations, 71 markets and 130 convenience stores. As a result of the aforementioned plan, the production of cereals shall increase 15 million tons within the next two years.

Amongst the products which are usually cultivated in the provinces of Angola one may find sugar cane, cotton, sisal, tobacco, maize, banana and manioc. On the other hand, coffee also represents one of the most important marketed goods in the country. Its production which currently benefits from a credit line of 280 million dollars is inclusively considered one of the finest in the world. Moreover, as the high global food prices seem to be attracting foreign investments to this sector, a brief word follows to highlight the successful 2009-2010 agricultural campaign which is taking place in Cabinda. In what concerns such campaign, one may notice that the work of 35,290 local families has contributed to the cultivation of approximately 56,960 hectares of land and consequently, a high and profitable production is foreseen for this year. The agriculture sector is expected to contribute more and more to the national GDP and the Angolan Government is open to foreign investment in this sector.

### **MANUFACTURING: RELAUNCHING OF THE MAIN INDUSTRIES**

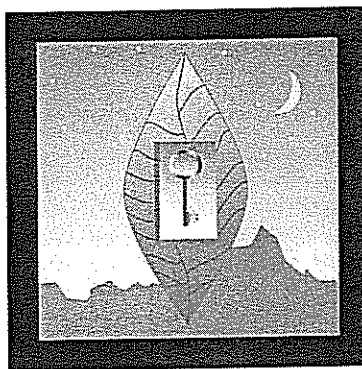
Angola's strategy of reindustrialization originated the drafting of a Medium Term Plan for the years 2009-2013, which success is still mostly dependable on foreign investment. Machines and equipment, tools and acces-

sories, textile and footwear, timber, cellulose and paper pulp, building materials and petrochemical are some examples of the industries to be developed within the manufacturing sector. The investment in this area shall promote the rehabilitation and modernization of the industrial park, update the technology and contribute to Angolan's industries international competitiveness.

#### A GLIMPSE AT THE FUTURE

According to the latest data disclosed by the International Monetary Fund, Angola should maintain its high levels of growth approximately 9% this year. Although frequently regarded as a difficult country, reality is becoming very distant from that initial negative approach. Small, but important steps are being taken every day so as to adapt the country's legal framework to the foreign investor's needs. An important measure for the reduction of bureaucracy has been the recent restructuring of the Guichet Único da Empresa which is a public service that by comprising a series of governmental services at the same site works as a one stop shop for those who consider sorting out their day-to-day business issues. The possibility of incorporation, amendment or dissolution of companies in 24 hours will facilitate many businessmen lives as it is to attract each day more and more investment to the several sectors being explored in the country. In sum, Angola is making a serious effort to reduce red tape and facilitate business. Angola is one of the most complex, yet most rewarding countries to invest in. However, before engaging in any type of investment, one should always seek proper assistance from those who have in-depth knowledge of the country and who should be able to direct and advise on the nuts and bolts of doing business in the country. Angolans are usually quite open to new businesses, but as they enjoy meeting their business associates beforehand, it is recommended that all negotiation and closing procedures are dealt with in person. The war has been left behind, most wounds have been healed and Angolan's are eager to show the world their ultimate business capabilities, so now is the time to stop being sceptical and embrace this country's prosperous future. In fact, despite the enormous development of the past few years, it is clear that Angola is still a country of many opportunities. ■

## ÉVÉNEMENT



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**Comment réconcilier performance  
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