

Angola

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - Angola	
Sanctions:	None
FAFT list of AML Deficient Countries	No longer on list
Higher Risk Areas:	<p>Non - Compliance with FATF 40 + 9 Recommendations</p> <p>Weakness in Government Legislation to combat Money Laundering</p> <p>Not on EU White list equivalent jurisdictions</p> <p>Corruption Index (Transparency International & W.G.I.)</p> <p>World Governance Indicators (Average Score)</p> <p>Failed States Index (Political Issues)(Average Score)</p>
Medium Risk Areas:	US Dept of State Money Laundering Assessment
<p>Major Investment Areas:</p> <p>Agriculture - products:</p> <p>bananas, sugarcane, coffee, sisal, corn, cotton, cassava (manioc), tobacco, vegetables, plantains; livestock; forest products; fish</p> <p>Industries:</p> <p>petroleum; diamonds, iron ore, phosphates, feldspar, bauxite, uranium, and gold; cement; basic metal products; fish processing; food processing, brewing, tobacco products, sugar; textiles; ship repair</p> <p>Exports - commodities:</p> <p>crude oil, diamonds, refined petroleum products, coffee, sisal, fish and fish products, timber, cotton</p> <p>Exports - partners:</p> <p>China 45.8%, US 13.7%, India 11%, South Africa 4.1% (2012)</p> <p>Imports - commodities:</p> <p>machinery and electrical equipment, vehicles and spare parts; medicines, food, textiles, military goods</p>	

Imports - partners:

China 20.8%, Portugal 19.5%, US 7.7%, South Africa 7.1%, Brazil 5.9% (2012)

Investment Restrictions:

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.

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

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Section 1 - Background

Angola is still rebuilding its country since the end of a 27-year civil war in 2002. Fighting between the Popular Movement for the Liberation of Angola (MPLA), led by Jose Eduardo Dos Santos, and the National Union for the Total Independence of Angola (UNITA), led by Jonas Savimbi, followed independence from Portugal in 1975. Peace seemed imminent in 1992 when Angola held national elections, but fighting picked up again in 1993. Up to 1.5 million lives may have been lost - and 4 million people displaced - during the more than a quarter century of fighting. Savimbi's death in 2002 ended UNITA's insurgency and cemented the MPLA's hold on power. President Dos Santos pushed through a new constitution in 2010; elections held in 2012 saw him installed as president.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Angola is no longer on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 19 February 2016

The FATF welcomes Angola’s significant progress in improving its AML/CFT regime and notes that Angola has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in June 2010 and February 2013. Angola is therefore no longer subject to the FATF’s monitoring process under its on-going global AML/CFT compliance process. Angola will work with ESAAMLG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Angola was undertaken by the Financial Action Task Force (FATF) in 2012. According to that Evaluation, Angola was deemed Compliant for 3 and Largely Compliant for 9 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 4 of the 6 Core Recommendations.

Key Findings from latest Mutual Evaluation Report (2006):

Recently, Angola has undertaken significant efforts to establish the basic foundations of an AML regime. The legal and regulatory instruments adopted encompass in particular criminalization of ML, confiscation of proceeds of crime, preventive measures for the financial sector and DNFBPs, and suspicious transaction reporting. However, several key components of the system are not in line with international standards, as for example the criminalization of ML, and are not effectively implemented, as is the case for the preventative measures, with the exception of basic CDD. An additional problem is that CDD relies on documentation that is difficult to obtain by the majority of the population, which contributes to keeping a large amount of financial flows outside the financial sector and therefore limits the effectiveness of the preventative regime.

As regards the financing of terrorism, the recently enacted legislation fails to criminalize it in line with the FT Convention and competent authorities have not yet issued implementing

regulations for the recently adopted Law of Designation (Law 01/12) in order to apply the designation process and the freezing measures provided for in the UNSCRs 1267 and 1373. Mutual legal assistance, extradition and other forms of international cooperation are also very restricted and would benefit from the adoption of general laws on these matters.

The key components of the institutional framework for AML/CFT (FIU, law enforcement, prosecution, supervisory bodies) exist in Law but are not fully playing their role. The FIU is not yet fully operational, there is no evidence of investigations or prosecutions, and none of the supervisory authorities are fully enforcing the AML/CFT framework. All actors need more training and enhanced resources to effectively contribute to the AML regime. Fostering domestic coordination and raising awareness is also central to achieving greater impact.

The priority in the short run should be given to two main streams in parallel: 1) addressing the main gaps in the legislative and regulatory framework, with respect to compliance with international standards, such as the criminalization of ML/FT, the legal framework for freezing procedures, and 2) ensuring adequate implementation and effectiveness. This second stream would benefit from the issuance of implementing regulations and guidance by the supervisory authorities with regard to the application of the preventative measures by FIs and DNFBPs, and also on the application of the terrorist designation process. It is encouraging that the authorities are already taking steps to address some of the issues identified in the report.

US Department of State Money Laundering assessment (INCSR)

Angola was deemed a Jurisdiction of Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Angola is not a regional financial center. It does not produce large quantities of narcotics but continues to be a transit point for drug trafficking, particularly for drugs from Brazil and other parts of South America destined for Europe. Increasingly, Angola is becoming a destination point as well, with a growing market for illicit drugs. Angola's borders are porous and vulnerable to general smuggling and trafficking in small arms, diamonds, humans, fuel, and motor vehicles. Angola has a high rate of U.S. dollar cash flow, although the government has implemented new financial policies to decrease use of all currencies except the Angolan kwanza. According to the Angolan Central Bank approximately \$17 billion has left the economy in the last five years alone, an amount significantly above foreign direct investment into the country.

The origin of this money is unclear. Additional value is transferred out of the country through abusive trade mis-invoicing. Widespread corruption in government and commerce facilitates money laundering.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

“All serious crimes” approach or “list” approach to predicate crimes: List approach
Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: NO
KYC covered entities: Commercial and investment banks, microfinance institutions, financial groups, insurers, stock markets, casinos, lotteries, dealers in precious stones and metals, high-value goods merchants, currency exchange and remittance companies, paycheck issuers and managers, pension fund managers, individual and collective estate management groups, accountants, auditors, notaries, registrars, attorneys, solicitors, and other independent legal professionals

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 127: January 1 – November 24, 2015
Number of CTRs received and time frame: Not available
STR covered entities: Commercial and investment banks, microfinance institutions, financial groups, insurers, pension fund managers, casinos, lotteries, dealers in precious stones and metals, high-value goods merchants, currency exchange and remittance companies, paycheck issuers and managers, individual and collective estate management groups, accountants, auditors, notaries, registrars, attorneys, solicitors, and other independent legal professionals

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 0 in 2015
Convictions: 0 in 2015

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: NO
With other governments/jurisdictions: YES

Angola is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a FATF-style regional body

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

In June 2015, Angola also passed mutual legal assistance legislation that provides for international cooperation on criminal matters, including AML/CFT.

Angolan law requires obligated entities to file suspicious transaction reports (STRs) with the financial intelligence unit (FIU) for transactions they know or believe may be related to

money laundering or the financing of terrorism. Angola's FIU has continued to focus on conducting outreach to covered entities, primarily financial institutions regulated by the central bank, with respect to the AML/CFT reporting requirements. Currently 22 of Angola's 29 banks are reporting suspicious transactions. The number of STRs filed with the FIU is very low; designated non-financial businesses and professions (DNFBPs) generally do not comply with the reporting requirements. Angolan politically exposed persons (PEPs) residing outside of the country are subject to due diligence requirements. The law prohibits the financial institutions or their employees from tipping off, but this legal prohibition does not appear to extend to citizens in their private capacity.

In 2015, Angola's FIU made no referrals to Angolan prosecutors for potential prosecution under the AML statutes. Angola's ability to investigate financial crimes is limited, but improving; corruption remains a problem.

The Government of Angola should take specific steps to combat pervasive corruption and should continue to implement and improve its AML/CFT regime. Angolan law enforcement authorities should not rely on referrals from the FIU to initiate money laundering investigations. Angola should adequately criminalize money laundering and terrorist financing; establish and implement an adequate legal framework for the confiscation of funds related to money laundering; implement an adequate supervisory framework; enforce reporting requirements for DNFBPs; and ensure appropriate laws and procedures are in place to provide mutual legal assistance.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Angola does not conform with regard to the following government legislation: -

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

Cooperates with International Law Enforcement - By law or regulation, banks are permitted/required to cooperate with authorized investigations involving or initiated by third party jurisdictions, including sharing of records or other financial data.

EU White list of Equivalent Jurisdictions

Angola is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Angola is not considered an Offshore Financial Centre

US State Dept Narcotics Report 2012 (introduction):

Angola produces marijuana, known locally as liamba, and is a transit point for cocaine. Alcohol, liamba and cocaine are the most abused substances in the country. Though alcohol abuse occurs nationwide, it is particularly prevalent in the provinces, where there is a serious health problem with the abuse of homemade alcoholic concoctions that are at times laced with exotic herbs or battery acid. Officials reported that the majority of marijuana users are between the ages of 18 and 48 years old and either students or unemployed. Cocaine is largely consumed in the night-clubs of Luanda by the wealthy elite.

As a matter of government policy, the Government of Angola does not encourage or facilitate illicit production or distribution of narcotics and psychotropic substances, nor does it encourage or facilitate the laundering of proceeds from illegal drug transactions. The USG is not aware of any senior officials engaged in drug trafficking. Angolan officials have demonstrated a concern for the corrosive effects of narcotics trafficking and are improving their ability to control trafficking through the Luanda International Airport. However, seaports continue to serve as entry points for narcotics from abroad and trafficking from neighboring countries via the road network remains a challenge.

There is no indication that Angola produces synthetic drugs. Angolan officials have no capacity to classify and control dual-use chemicals, which could be diverted in Angola or elsewhere for illicit drug production. Among the most pressing challenges facing authorities is providing public health services to drug addicts, and educating youth on the dangers of drug abuse and addiction. Angola is a party to the 1988 UN Drug Convention. Angola is a party to the UN Convention Against Corruption.

The National Directorate for Criminal Investigation (DNIC) reported the following drug-related crimes from January to September 2011:

- Detained for drug consumption: 1,115 individuals
- Detained for drug trafficking: 115 individuals
- Official statistics for seizures of powder cocaine: 13.5 kg
- Official statistics for seizures for crack cocaine: 2.008 kg

No data was provided for seizures of marijuana or heroin.

DNIC also reported that most detained traffickers in 2011 were Angolan, but some Brazilian, South African, Nigerian, Portuguese and Congolese (DRC) nationals were also detained for trafficking in narcotics.

The Inter-Ministerial Committee to Fight Drugs (Comité Interministerial de Luta Anti-Droga, CILAD) is charged with coordinating the activities of government ministries to suppress narcotics trafficking and to warn the population about the dangers of drug abuse. The

Ministries of Interior and Justice have indicated a strong interest in upgrading their equipment, and have added new canine units to their counternarcotics strategy.

Angolan officials have made regular public statements noting their commitment to antidrug efforts. There are numerous billboards in Luanda and other towns carrying a drug awareness message, although no active, national media campaign exists. Some NGOs engage in prevention, demand reduction, and rehabilitation programs. One of the largest is the Christian Centre for Help and Rehabilitation, which provides drug abuse treatment and rehabilitation services, though its capacity is far less than the demand.

Angola sends government staff to workshops and meetings in order to train officials involved in the fight against drug trafficking. Angolan authorities have established contacts with INTERPOL and now make use of the I-24/7 INTERPOL tool that allows for the exchange of real-time intelligence on drug trafficking activities. Angola's police work closely with their Brazilian and Portuguese counterparts in combating drug trafficking. Angola participates in the Southern African Regional Police Chiefs Cooperation Organization (SARPPCO), which is currently organizing a joint project with other southern African countries and South American officials to enhance cooperative efforts against drug trafficking.

US State Dept Trafficking in Persons Report 2016:

Angola is classified a Tier 2 (watch list) country - A country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Angola is a source and destination country for men, women, and children subjected to sex trafficking and forced labor. Angolans, including minors, endure forced labor in the brick-making, domestic service, construction, agricultural, and artisanal diamond mining sectors within the country. Angolan girls as young as 13 years old are victims of sex trafficking. Angolan adults use children younger than age 12 for forced criminal activity, because children cannot be criminally prosecuted. The provinces of Luanda, Benguela, and the border provinces of Cunene, Namibe, Zaire, and Uige are the most vulnerable to trafficking activities. Some Angolan boys are taken to Namibia for forced labor in cattle herding, while others are forced to serve as couriers to transport illicit goods, as part of a scheme to skirt import fees in cross-border trade with Namibia. Angolan women and children are subjected to domestic servitude and sex trafficking in South Africa, Namibia, and European countries, including the Netherlands and Portugal.

Women from Vietnam and Brazil engaged in prostitution in Angola may be victims of sex trafficking. Some Chinese women are recruited by Chinese gangs and construction companies with promises of work, but later are deprived of their passports, kept in walled compounds with armed guards, and forced into prostitution to pay back the costs of their travel. Chinese, Southeast Asian, Brazilian, Namibian, Kenyan, and possibly Congolese migrants are subjected to forced labor in Angola's construction industry; they may be subject to withholding of passports, threats of violence, denial of food, and confinement. At times, workers are coerced to continue work in unsafe conditions, which at times reportedly resulted in death. Chinese workers are brought to Angola by Chinese companies that have large construction or mining contracts; some companies do not disclose the terms and

conditions of the work at the time of recruitment. Undocumented Congolese migrants, including children, enter Angola for work in diamond-mining districts, where some endure forced labor or sex trafficking in mining camps. Trafficking networks recruit and transport Congolese girls as young as 12 years old from Kasai Occidental in Democratic Republic of Congo (DRC) to Angola for labor and sex trafficking.

The Government of Angola does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The Inter-ministerial Commission to Combat Trafficking in Persons (the commission) worked to improve efforts to combat trafficking in Angola by beginning to standardize the collection of data on anti-trafficking law enforcement efforts and establishing five ad hoc provincial commissions in Benguela, Huila, Namibe, Uige, and Zaire provinces. The government trained approximately 350 officials on the 2014 money laundering law that includes provisions prohibiting trafficking. Additionally, it raised awareness of its anti-trafficking efforts to more than 1,000 private citizens and NGO leaders. During the year, the government investigated 10 potential trafficking cases, two of which were referred for prosecution. The government increased protection efforts, identifying 55 potential child trafficking victims during the year; however, it made inadequate efforts to identify and provide protective services to adult victims. The government has never convicted a trafficking offender using the 2014 money laundering law.

US State Dept Terrorism Report 2009

Angola's borders remained porous and vulnerable to movements of small arms, diamonds, and other possible sources of terrorist financing. That said, there is no evidence of a terrorist presence in Angola. Angola's high rate of U.S. dollar cash flow made its financial system an attractive site for money laundering, and the government's capacity to detect financial crimes remained limited. On December 14, however, the government agreed to allow for the placement of an advisor from the U.S. Treasury Department in the Angolan Ministry of Finance and Central Bank. This advisor will help Angola promote transparency in its financial system. Corruption, lack of infrastructure, and insufficient capacity continued to hinder Angola's border control and law enforcement capacities. The government's limited law enforcement resources were directed towards border control and stemming the flow of illegal immigrants into the country. In May, the U.S. Treasury Department designated Kassim Tajideen, an important financial contributor to Hizballah with extensive business interests in Angola, as a Specially Designated Global Terrorist under Executive Order 13224.

International Sanctions

Angola was subject to UN sanctions from 1993 to 2002, during its civil war.

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	19
World Governance Indicator – Control of Corruption	6

Corruption remains widespread in Angola due to a lack of checks and balances, insufficient institutional capacity and a culture of impunity. Practices of nepotism, cronyism and patronage pervade procurement rendering the procurement process opaque and corrupt. The oil and mining sector in Angola are considered especially high risk areas for corruption. Clientelistic networks generally govern the way business is conducted in Angola with many Angolan companies functioning as front organizations for government officials whose integrity and accountability are frequently questioned by observers. Active and passive bribery, illicit enrichment and conflict of interest are criminalized by the Probity Law, but offences are rarely prosecuted. Gifts and facilitation payments are a common part of doing business in Angola. **Information provided by GAN Integrity.**

US State Department

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.

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.

Corruption and Government Transparency - Report by Global Security

Political Climate

The Angolan government has committed itself to attracting foreign investors by adopting a range of business-friendly measures and investing large amounts of its oil revenues into improving the war-torn infrastructure. However, the substantial revenues from the booming economy have yet to bring economic and social development to the country, and the wealth has not been shared equally, with over 40% of the population living below the poverty line. According to a 2012 article by the BBC News, as Africa's second largest oil producer, Angola has witnessed an economic boom; however, the opposition says the wealth has only benefited a small group of elites. Moreover, corruption remains widespread, including in government bodies, and accountability is limited due to a lack of checks and balances, lack of institutional capacity, and a culture of impunity.

President José Eduardo dos Santos had not been seen in public for an extended period of time in 2013, according to a 2013 article by The Economist. It goes on to say that the President, who has travelled to Barcelona in the past for medical treatment, is widely rumoured to have suffered from serious health problems—fuelling speculation about his succession. As leader of the Popular Movement for the Liberation of Angola (MPLA), President dos Santos has held the Angolan presidency since 1979. The MPLA manifesto identified 'good and transparent governance' as one of the five principal aspirations of Angolans. In December 2009, President dos Santos declared a policy of zero tolerance towards corruption. According to Freedom House 2011, a public probity law was passed in 2010, criminalising the theft of state resources and forcing state employees to declare their assets. That same year also saw the adoption of a new constitution that strengthened the President's grip on power. Despite dos Santos' pledge of 'zero-tolerance' towards corruption, the US Department of State 2012 states that corrupt officials do not always face prosecution, and this, coupled with an absence of effective checks and balances and institutional capacity, creates a culture of impunity among officials and pervasive government corruption. Recently, a fraud and money laundering investigation against Vice President Manuel Vicente and other high-ranking officials has been opened by the Attorney General in Portugal, which involves illicit business dealings between companies owned by Angolan officials and a Portuguese bank, Banco Espírito Santo, in 2010, reports the US Department of State 2012.

According to the US Department of State 2012, petty corruption is widespread in Angola, and public servants frequently demand bribes in return for public services, thus spreading corruption to virtually all sectors and levels of society. The State remains heavily centralised around the executive branch, which allegedly governs through an extensive patronage network of friends, MPLA allies, and relatives, which is popularly known as the Futungo. Members of this network have been provided with attractive positions in the political administration of Angola. High-level figures enjoy virtually unchecked access to state funds and are widely accused of exploiting sources of government income through secret and complex accounting procedures for personal gain. Each year, large amounts of oil revenue disappear from the state budget through clandestine channels to high-ranking figures and top politicians. According to Human Rights Watch's Transparency and Accountability in Angola 2010, while the government has introduced some important reforms in oil sector transparency in recent years, far more needs to be done to curb corruption and give citizens the tools necessary to hold the government accountable for its actions. On a positive note, the government has taken significant steps, under pressure from the international

community, towards greater transparency by publishing financial information and preventing extra-budgetary expenditures. Despite this, several sources, such as the Bertelsmann Foundation 2012, argue that the government's anti-corruption efforts often remain more rhetorical than effective. For instance, the President has used accusations of abuse of office as a political tool against political rivals.

Business and Corruption

According to the US Department of State 2013, the Angolan business environment is one of the most difficult in the world, aggravated by pervasive corruption, cumbersome bureaucratic procedures, and an underdeveloped financial system. This perception is supported by the World Economic Forum's Global Competitiveness Report 2013-2014, according to which, corruption is ranked as the greatest constraint on foreign companies operating in Angola. The country performs poorly across most institutional indicators covered by the report. Companies investing in most sectors in Angola have to deal with highly corrupt and inefficient government institutions, often favouring local companies through patronage networks. Corruption and maladministration work as a disincentive for foreign investment in sectors outside oil and mining. Companies operating in the formal sector risk facing uncompetitive practices, costly bureaucratic procedures, and vested interests. In the World Bank & IFC Enterprise Surveys 2010, over 41% of service companies report that they must compete against unregistered or informal companies. The use of petty bribes, locally known as *gasosas*, penetrates most business activities in both rural and urban areas. Thus, according to the World Bank & IFC Enterprise Surveys 2010, over 49% of the surveyed companies expect to make informal payments to 'get things done', and 76% identify corruption as a major constraint on their business operations in the country.

The government has set up several state credit funds to support small Angolan companies, such as the (now-liquidated) Agricultural and Fisheries Credit Bank (CAP) and the Development Bank of Angola (BDA). However, these institutions have been rife with poor governance and misappropriation of funds. Public procurement is a corruption-prone area, and it is occasionally reported that high-level government officials receive substantial kickbacks from private companies in exchange for lucrative government contracts, according to the US Department of State 2012. Angola also performs poorly in relation to the ethical behaviour of companies in interactions with public officials, politicians, and other companies, as well as in favouritism of government officials when deciding upon policies and contracts, as assessed by the World Economic Forum's Global Competitiveness Report 2013-2014. According to the report, public funds are commonly diverted to companies, individuals, or groups due to corruption. For these reasons, companies are recommended to use a specialised public procurement due diligence tool in order to help mitigate the costs and risks of corruption involving public procurement processes in Angola.

According to an April 2012 article published by Global Witness 2012, it is common for government officials and civil servants to hold positions in private companies alongside their official posts, often resulting in conflicts of interest. This phenomenon is problematic for international companies, as foreign investors are often required, or at least encouraged, to partner with Angolan companies, many of which turn out to be front organisations for government officials whose integrity and accountability are frequently questioned by observers. For these reasons, companies are generally advised to consult with experienced

attorneys, to develop and implement integrity systems, and to carry out extensive due diligence before committing funds or when already doing business in the country.

Regulatory Environment

According to the World Bank & IFC's Doing Business 2013, a company wanting to start business in Angola can expect to go through 8 procedures, using 68 days and costing 105.4% of income per capita. Cumbersome bureaucracy is a major constraint on business operations in Angola. This perception is, among others, emphasised by the US Department of State 2013, according to which, low civil-service salaries and a proliferation of bureaucracy and regulations present opportunities for rent-seeking and encourage corruption. Complicated procedures and long bureaucratic delays could eventually tempt companies to seek faster service and approval by paying gratuities and facilitation payments. Companies surveyed in the World Economic Forum Global Competitiveness Report 2013-2014 perceive government administrative requirements to be burdensome—with inefficient government bureaucracy identified as the third largest constraint on foreign companies operating in Angola. Moreover, companies also report that government policy-making is fairly opaque and that government officials usually favour well-connected companies and individuals when deciding on policies and contracts. Commercial regulations can be ambiguous and inconsistent, and the lack of transparency increases start-up and overall operational costs. However, according to the World Bank & IFC Doing Business 2013, Angola is ranked as one of the top 25 most improved economies in the world since 2005. Among its biggest achievements, Angola cut the cost of property transfer from 11.5% of property value to 3.2%. This places Angola among the top ten countries in the world that have improved property registration since 2005. Although, it still has the tenth slowest process in the world, taking 184 days.

The government has established the National Private Investment Agency (ANIP), an investment promotion agency mandated to assist investors and facilitate new investment in Angola. Further, the government has instituted additional reforms in recent years to ease doing business in Angola, including eliminating authorisation requirements when applying for an electricity connection, improving cross-border trade by investing in port infrastructure and administration, and easing tax payments through e-filing, according to the World Bank & IFC Doing Business 2013. Since 2003, the Ministry of Justice has operated a companies' portal, Guichê Único da Empresa (Single Booth Company) (in Portuguese), a one-stop shop to simplify and reduce the time for starting companies; although, the process remains slow and still requires separate contact with additional ministries, according to the US Department of State 2013.

Enforcement of contracts is highly problematic in Angola, as illustrated by the World Bank & IFC Doing Business 2013. The settlement of commercial disputes through Angolan courts is time-consuming and unreliable due to inefficiencies and a highly politicised and corrupt judiciary. As a result, most companies avoid taking commercial disputes to court, according to the US Department of State 2013. Furthermore, court rulings often favour local companies. Companies surveyed in the World Economic Forum Global Competitiveness Report 2013-2014 report that the judiciary is not independent from political influences of members of government, citizens, or companies. In relation to legal options for resolving commercial and investment disputes, companies should note that Angola is not a member to some of the largest conventions in that area, such as the New York Convention 1958, the International

Centre for Settlement of Investment Disputes (ICSID), and the United Nations Convention on the International Sale of Goods (CISG). However, the government has approved the Voluntary Arbitration Law, which provides the legal framework for non-judicial resolution of commercial disputes and is a member of the Multilateral Investment Guarantee Agency (MIGA), which provides dispute settlement assistance. Access the Lexadin World Law Guide for a collection of legislation in Angola.

Section 3 - Economy

Angola's economy is overwhelmingly driven by its oil sector. Oil production and its supporting activities contribute about 50% of GDP, more than 70% of government revenue, and more than 90% of the country's exports. Diamonds contribute an additional 5% to exports. Subsistence agriculture provides the main livelihood for most of the people, but half of the country's food is still imported. Increased oil production supported growth averaging more than 17% per year from 2004 to 2008. A postwar reconstruction boom and resettlement of displaced persons has led to high rates of growth in construction and agriculture as well. Some of the country's infrastructure is still damaged or undeveloped from the 27-year-long civil war. However, the government since 2005 has used billions of dollars in credit lines from China, Brazil, Portugal, Germany, Spain, and the EU to help rebuild Angola's public infrastructure. Land mines left from the war still mar the countryside, and as a result, the national military, international partners, and private Angolan firms all continue to remove them. The global recession that started in 2008 stalled economic growth. In particular, lower prices for oil and diamonds during the global recession slowed GDP growth to 2.4% in 2009, and many construction projects stopped because Luanda accrued \$9 billion in arrears to foreign construction companies when government revenue fell in 2008 and 2009. Angola formally abandoned its currency peg in 2009, and in November 2009 signed onto an IMF Stand-By Arrangement loan of \$1.4 billion to rebuild international reserves. Consumer inflation declined from 325% in 2000 to less than 9% in 2014. Falling oil prices and slower than expected growth in non-oil GDP have reduced growth prospects for 2015. Angola has responded by reducing government subsidies and by proposing import quotas and a more restrictive licensing regime. Corruption, especially in the extractive sectors, is a major long-term challenge.

Agriculture - products:

bananas, sugarcane, coffee, sisal, corn, cotton, cassava (manioc, tapioca), tobacco, vegetables, plantains; livestock; forest products; fish

Industries:

petroleum; diamonds, iron ore, phosphates, feldspar, bauxite, uranium, and gold; cement; basic metal products; fish processing; food processing, brewing, tobacco products, sugar; textiles; ship repair

Exports - commodities:

crude oil, diamonds, refined petroleum products, coffee, sisal, fish and fish products, timber, cotton

Exports - partners:

China 43.8%, India 9.6%, US 7.7%, Spain 6.2%, South Africa 4.8%, France 4.4% (2015)

Imports - commodities:

machinery and electrical equipment, vehicles and spare parts; medicines, food, textiles, military goods

Imports - partners:

China 22.1%, Portugal 13.8%, South Korea 11%, US 6.9%, South Africa 5%, UK 4.1%, France 4% (2015).

Executive Summary

Angola is an upper middle income country located in southern Africa with a \$102 billion GDP, \$4,100 per capita income, and a population of 25 million, according to IMF data. As sub-Saharan Africa's second highest oil producing country in 2015 behind Nigeria at 1.8 billion barrels per day, Angola is the United States' fourth largest trading partner in Africa (down from third in 2014). Responding to significant revenue decreases given oil price declines, the Government of the Republic of Angola (GRA) is focusing on economic diversification to reduce its reliance on oil as a source of income as well as to reduce its dependence on imports. While Angola has prioritized the development of agriculture and agro-industry, fisheries, and manufacturing as part of its diversification strategy, it will take several years to see real results. The government's strategy also focuses on encouraging small and medium enterprises (SMEs), increasing investments in infrastructure to reduce transaction costs, and improving the country's economic competitiveness.

Angola is one of the United States' three strategic partners in sub-Saharan Africa, together with Nigeria and South Africa. The bilateral strategic partnership dialogue has focused on eight key areas: political-social/regional stability, trade/economic growth, health, energy, agriculture, regional security cooperation (focused on maritime security and peacekeeping), education, and consular affairs. To strengthen the U.S. engagement on these issues, the Department of Commerce's U.S. Commercial Service (CS) and the Department of Agriculture's Foreign Agricultural Service (FAS) both opened offices in Angola in 2014.

In 2015 the GRA both enacted a new private investment law (no. 14/15) and created a National Agency for Promotion of Investment and Exportations of Angola (Agência para a Promoção de Investimento e Exportações de Angola - APIEX). The measures aim to stimulate economic growth, diversify the economy, expand the private sector, and foster greater private-sector participation in Angola's economic development. The new law has received a mixed reaction across the business community however, as it raises taxes on early repatriation of profits and dividends, for the first time makes a clear distinction between foreign and domestic investors, and imposes local partnership requirements for foreign investment in key sectors that some fear could dissuade international investors (see section 1.5). The GRA also reduced corporate income tax from 35 to 30 percent.

Infrastructure is also a major government focus. The Ministry of Energy and Water estimates that the development and completion of several projects, such as the expansion of the Cambambe Dam and the construction of the Laúca Dam (slated for completion in 2017), will increase Angola's electric power generation capacity five-fold. The investment in new infrastructures for the production of electric power was accompanied by the incorporation of new public companies operating in the electric energy sector: Rede Nacional de Transporte, E.P. (RNT), Empresa Pública de Produção de Electricidade, E.P. (PRODEL), and Empresa Nacional de Distribuição de Electricidade (ENDE).

Angola's real GDP declined 19 percent from \$126 billion in 2014 to an estimated \$102 billion in 2015 as a result of the decline in global oil prices and a significant devaluation in the local currency, the kwanza, and is forecast to decline by a further 20 percent in 2016. Inflation spiked to 23 percent in the first quarter of 2016 from the 2015 annual rate of 14.3 percent, due to the devaluation and the removal of government fuel subsidies in early 2016.

Key issues to watch:

- Angola’s investment climate offers significant opportunities, but it also encompasses substantial challenges and can be fraught with risks. The political environment is more stable than in many other countries in the region. Angola is rich in natural resources including oil, minerals, and land. There is an abundant supply of unskilled labor, particularly in the capital of Luanda. Skilled professionals are available, but often require additional training. While Portuguese is commonly spoken, English competency levels are relatively low. Under a newly adopted investment law, the Angolan government offers incentives to companies investing in the domestic economy. Real estate and living expenses can be prohibitively expensive. In 2015, Luanda was named the most expensive city in the world for expatriates for the third year in row by Mercer and the second most expensive by ECA International. Infrastructure is limited, roads are often in poor condition, power outages are common, and water availability can be unreliable. The investment climate is also hampered by rampant corruption, and a complex, opaque regulatory environment, as reflected by rankings from globally recognized entities as outlined in Table 1.
- The oil crisis continues to impact the Angolan economy, creating drastic losses in export revenue and a severe limitation in foreign exchange, and forcing cuts in government spending. While the crisis has been difficult for the Angolan economy, there is hope that the acute economic stress will lead the GRA to implement much needed reforms.

FDI in Angola has steadily increased since the end of the civil war in 2002. The Banco Nacional de Angola (BNA) reported 16.5 billion USD of FDI in Angola in 2014, up from 14.3 billion USD in 2013, predominantly in the oil industry FDI data is unavailable for 2015, but the oil crisis has likely reversed this growth trend. Portfolio investment in Angola is negligible.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions Index	2015	163 of 168	transparency.org/cpi2015/results
World Bank’s Doing Business Report “Ease of Doing Business”	2016	181 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	120 of 141	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2014	1,900	BEA/Host government

World Bank GNI per capita	2016	5,300	data.worldbank.org/indicator/NY.GNP.PCAP.CD
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1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

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

However, the GRA actively seeks FDI although it also sets barriers to protect domestic businesses. In August 2015, a new private investment law was enacted that creates incentives for investment in the following strategic sectors: 1) electricity and water, 2) tourism and hospitality, 3) transportation and logistics, 4) telecommunications and information technology, 5) construction, and 6) media. Investments in the other key sectors of mining, finance, and oil are governed under different laws.

According to this law, responsibility for assessing foreign investments falls to the government ministry overseeing the sector where the investment will occur. For investments under \$10 million, oversight and approval is under the jurisdiction of the Economic Commission of the Council of Ministers. For investments over \$10 million, the Office of the President must approve and provide oversight.

There is no longer a minimum dollar figure required to invest in Angola. However, the private investment law distinguishes between foreign and local investors by establishing a lower bar for Angolan investors to be able to access fiscal incentives offered by the GRA: local businesses must invest a minimum of \$500,000 versus the \$1 million required of foreign investors. In Angola's costly business environment, the financial incentives offered certainly could impact investment decisions.

The private investment law also sets a minimum of 35 percent local participation/partnerships in foreign investments for the six outlined strategic sectors: 1) electricity and water, 2) tourism and hospitality, 3) transportation and logistics, 4) telecommunications and information technology, 5) construction, and 6) media. The previous law did not require local partnerships with the exception of the energy, banking, and insurance sectors, though to be successful in Angola, the majority of foreign operators had local associates of some kind. The 35 percent minimum local participation requirement is likely to challenge foreign investors pursuing large investments projects in qualifying local partners especially due to local capital constraints as well as the lack of technical capacity in certain industries.

The law also requires foreign investors to pay higher taxes on dividends and profits they repatriate, particularly on repatriation within the first several years of the initial investment. The new tax on dividends starts at 15 percent, and can rise to as high as 50 percent depending on how much and how soon after the initial investment the repatriation takes place to encourage in country reinvestments. In an attempt to incorporate foreign companies into Angolan banking and taxation systems, the law requires financial operations

through Angolan banks. The government later provided additional clarifications to the investment law by issuing several presidential decrees. Decrees No. 181/15 and No. 184/15 issued September 2015 provided further clarifications on operational details and roles of ministries in the decision making process of approving investments. They also enabled the creation of technical support units within each ministry to assess investments and increase each ministry's capacity to assess investments. The decrees provided additional information regarding the creation of APIEX.

The new investment law divides Angola into Zone A and Zone B. Fiscal incentives for investing in Angola's less developed regions (Zone B) are twice the level of incentives compared to those given for investing near Luanda and other major city centers (Zone A). Additional tax breaks/reductions are available for investors who create more local jobs, generate higher export receipts, and source more local content in their operations.

The 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 Ministry of Finance; administration of ports and airports; and other areas where the law gives the GRA exclusive responsibility for its operations. However, it is common for Angolan companies operating in these restricted sectors to subcontract parts of, or the entire project to foreign companies. Investment in the petroleum, diamond, and financial sectors are governed by sector-specific legislation. Details on the petroleum investment guidelines are outlined in the Country Commercial Guide Best Prospect Summary of the Oil and Gas industry.

Angola's foreign exchange laws require all companies operating in Angola to make all payments through local (Angola-domiciled) banks using Angolan currency (kwanza). This law aims to strengthen demand for the kwanza, and build the capacity of Angola's underdeveloped financial sector. The law was implemented in two phases: first, from 2012, oil companies are required to pay taxes owed to the Angolan Ministry of Finance through a local bank; then in July 2013 the regulation expanded to all companies operating in Angola, requiring them to use local banks (and local currency) for all payments, including payments to suppliers and contractors domiciled abroad.

Foreign exchange availability in the market during 2015 averaged \$1.46 billion per month. This rate is down from the US\$1.6 billion monthly average in 2013 and 2014. For the first quarter of 2016, foreign exchange values available in the market dropped to \$600 million monthly with euros also being auctioned (source: BNA). Weekly auction values have fluctuated from zero to \$300 million since the beginning of 2016. Foreign exchange is auctioned by the Central Bank (BNA) to commercial banks for approved imports. Per the February 24, 2016, Presidential Decree No 40/16, foreign exchange availability in 2016 is expected to meet only 63 percent of demand and will prioritize: 1) employment retention (raw materials and inputs, equipment, technician salaries, and oil sector operations); 2) inflationary control (food, consumer necessities, fuel); 3) health and education; and 4) priority government expenses for necessary operations. Angolan companies report waits of 3-8 months to access foreign exchange for imports.

When, drafting and entering into contracts with Angolan entities, foreign investors generally seek to ensure that contracts are not governed by Angolan law, so as to avoid the accompanying GRA mandate that contracts be denominated and paid in kwanzas; a currency which has little commercial or practical use outside of Angola. Companies often find it advisable to seek appropriate legal advice prior to negotiating binding law, arbitration

and payment clauses, and to seek to ensure that contract payments are denominated in and made in US dollars.

In addition to different applications of the new Angolan Investment Law between Angolan and foreign companies, Angolan or other companies familiar with the bureaucratic and legal complexities of the Angolan business environment hold an advantage over newcomers. In addition, the Promotion of Angolan Private Entrepreneurs law gives Angolan-owned companies preferential treatment in tendering for government contracts for goods, services, and public works. Only firms with a majority Angolan stake can benefit from Angolan Government's loan guarantees, generous terms, and subsidized interest rates of the newly implemented US\$1.6 billion fund to support micro, small, and medium-sized businesses from Angola Ministry of Economy's Angola Invest Program

Other Investment Policy Reviews

Angola has been a member of the World Trade Organization (WTO) since 1996. There have been no investment policy reviews for Angola 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 World Trade Organization (WTO) performed a trade policy review of Angola in September 2015. [Excerpts of the Trade Policy Review concluding remarks](#) by the WTO Chairperson are as follows:

Members noted that Angola had implemented a number of measures aimed at import substitution. Its applied tariff rates have been significantly increased and range from 2 percent to 50 percent, with a simple average of 10.9 percent (up from 7.4 percent 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.

Members welcomed Angola's new mining code and sought information about opportunities for foreign operators. They sought clarifications about Angola's agricultural policy aiming at food security and about the sustainability of its fisheries sector. Some participants inquired about Angola's plans to broaden its General Agreements on Trade in Services (GATS) commitments beyond its three existing sectors. Members were also interested in the Government's priorities regarding, inter alia, competition policy, Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (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.

Laws/Regulations on Foreign Direct Investment

Business Registration

Obtaining the proper permits and business licenses to operate in Angola can be time-consuming. The World Bank *Doing Business 2016* report identified Angola's permit and licensing process as one of the most time-consuming of all countries surveyed (ranked 181

out of 189 in the survey). Launching a business typically requires 66 days, compared with a regional average of 27 days. While, the government established the “Guichê Único,” or one-stop shop, the process remains slow. In 2012, the government opened approximately twenty “Balcões Únicos do Empreendedor” to serve a similar role as the Guichê for micro, small and medium-size enterprises. In addition to the Guiche Unico process, new business owners must also complete processes at the Ministry of Commerce, the tax office, and a provincial court in the location where the business is headquartered.

The Angolan Investment and Export Promotion Agency (Agencia Promocao de Investimentos e Exportacoes de Angola - APIEX) , housed within the Ministry of Commerce, is Angola’s investment and export promotion center, tasked with promoting Angola’s export potential, legal framework, environment, and investment opportunities in the country and abroad. APIEX, established on September 30, 2015, by Presidential Decree No. 184/15 after the promulgation of Angola’s 2015 investment law, has gotten to a slow start as exemplified by its non-operational website (www.apiexangola.co.ao).

Industrial Strategy

The new private investment law no. 14/15, passed August 11, 2015, identifies six key industries which the government has defined as a priority: 1) Electricity and Water, 2) Tourism and Hospitality, 3) Transportation and Logistics, 4) Telecommunications and Information Technology, 5) Construction and 6) Media. Investments in the key sectors of mining, finance, and oil are governed under different laws. For more details on the oil and gas sector please refer to the Country Commercial Guide’ (CCG) Best Prospects.

In response to Angola’s economic situation, a Presidential Decree No 40/16 was issued February 24, 2016 outlining strategies for economic recovery. This Decree called for measures to: 1) encourage private investment in productive areas for domestic consumption and for exports including support by government credit facilities; 2) prioritization of productive-sector related infrastructure development (energy/water, transportation/construction, human resource development and business climate improvement); and 3) expansion of government revenue sources, such as taxes.

Limits on Foreign Control and Right to Private Ownership and Establishment

Angola limits foreign equity participation more than most countries in Sub-Saharan Africa. Foreign ownership is limited to 49 percent in the oil and gas sectors, 50 percent in insurance, and 10 percent in banking, although foreign companies may exceed these limits with Council of Ministers approval. Private capital participation in fixed-line telecommunications infrastructure is prohibited. In the publishing, TV broadcasting, and newspaper media sectors, foreign ownership is limited to 30 percent.

(<http://iab.worldbank.org/data/exploreeconomies/angola>) The new private investment law requires at least a 35 percent domestic stake in FDI across the six strategic sectors. 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 Ministry of Finance; administration of ports and airports; and other areas where the law gives the state exclusive responsibility.

Privatization Program

In December 2014, the GRA implemented the Electricity Sector Transformation Program (PTSE), which unbundled Angola's two electricity companies to create three separate public companies. While the new companies are still public, the restructuring aims to pave the way for additional private sector investment, including off-grid and renewable energy projects, and eventual privatization. Electricity sector investment is open to both foreign and domestic firms (15 Luanda 698; 2015 ICS). Power Africa can facilitate investment in Angola's energy and water sector. It is estimated that Angola has 18,000 MW of hydropower potential and the country's National Development Strategy for 2013-2017 suggests private investment for small-scale wind and solar off-grid solutions.

In May 2015, the Angolan subsidiary of Portuguese conglomerate Nabeiro purchased Liangol, the Angolan state coffee company, for 1 billion USD. Angola, once the 4th largest coffee producer in the world, is seeking to develop the coffee industry after it was devastated by the civil war.

Screening of FDI

Until the passage of the new private investment law in August 2015, responsibility for screening new FDI fell to the National Agency for Private Investment (ANIP). ANIP was folded into a new investment and export promotion APIEX by Presidential Decree 184/15 in September 30, 2015, APIEX has experienced a lot of growing pains and the transition of expertise from ANIP has been slow.

With the new law, however, FDI review and approval is now the responsibility of the government ministry overseeing the sector where the investment will occur. Final approval for investments under \$10 million is given by the Economic Commission of the Council of Ministers. For investments over \$10 million, the Office of the President provides final approval. The process can be time consuming and difficult to navigate, thus it is strongly recommended to retain legal counsel to assist in the investment application process.

The following documents are needed for investments under \$10 million:

- Letter of Investment Proposal addressed to the Minister of Commerce (MINCO);
- A Power of Attorney or Delegation of Authority to represent the investment proposal (in case that you are not principal);
- Presentation Template Model of the Project, Dully Completed;
Note: To Obtain the template model of the Project you will have to make a deposit of 35,000 kz at the Account of UTAIP of MINCO 54847575/10/002
- Copy of the legal documentation of the company (company status), commercial registry duly authenticated by the consular services of Angola at the country of company domicile in case of legal entities;
- Copy of the legal documentation of the natural persons (identity card/passport and criminal record duly authenticated by the consular services of the republic of Angola at the country of the residency in case of natural persons.
- Technical economic and financial feasibility study of the proposed investment project
- Environmental Impact Study (When is it applicable in Angola); and

- Presentation of Documents in Duplicate

There are several objectives that the GRA seeks to accomplish through its FDI screening process: 1) create jobs for Angolans or transfer know-how to Angolan companies, 2) protect sensitive industries such as defense and finance, 3) prevent capital flight or other behavior which could threaten the stability of the Angolan economy, and 4) economic diversification.

Contact Information: Mário Líronel, Departamento de Promoção e Captação do Investimento; Agência para Promoção de Investimentos e Exportações (APIEX) de Angola. Rua Kwamme Nkrumah Nr.8, Maianga, Luanda, Angola Tel: (+244) 995 28 95 92 | 222 33 12 52 Fax: (+244) 222 39 33 81 email: mariolironel@gmail.com; www.apiexangola.co.ao (under construction as of May 2016).

Competition Law

The Pricing and Competition Bureau under the Ministry of Finance was created in 2011 (Presidential Decree 162/11) to ensure the coordination and consistency of revenue and price.

Angola does not have a competition law, but it is possible to occasionally find references in statute to the prohibition of certain restrictive agreements and practices. For example, the law regulating the press expressly forbids situations of monopoly or oligopoly that may prejudice the independence of the media, pluralism, and fair competition. However, given the creation of the Pricing and Competition Bureau, developments in this area are expected in the near future. Single-firm conduct is not specifically regulated in Angola.

2. Conversion and Transfer Policies

Foreign Exchange

The law requires foreign investors to pay higher taxes on early repatriation of dividends and profits within the first several years of an initial investment. The new tax on dividends starts at 15 percent and can rise to as high as 50 percent depending on the value and how early repatriation occurs. Under regulations established in July 2013 aimed at tracking capital movement, strengthening the banking system and capturing tax revenue, foreign companies are required to process transactions through Angolan banks.

Remittance Policies

Despite the removal of foreign exchange restrictions on commercial banks imposed in January 2014 as an anti-money-laundering measure following concerns about illicit flows out of Angola, investors face severe constraints in sending remittances abroad. Through the Central Bank (BNA) foreign exchange auction process, foreign exchange is reported to prioritize essential goods and services – food, health, defense and energy. Angolan companies report waits of 3 to 8 months to access foreign exchange for imports. Profits and dividends repatriation are not prioritized. The restrictions are being driven by the Angolan Central Bank (BNA), which has aggressively protected the country's roughly \$24 billion foreign exchange reserves.

Starting in 2014, an acute shortage of foreign exchange forced the GRA to limit availability of foreign exchange to prioritize essential goods and services (inputs critical to the oil industry, food, medicine, defense and essential raw materials), which has led to extreme delays in

securing payments for goods sold and services rendered. The lack of foreign exchange has also resulted in a massive depreciation of kwanzas held in bank deposits. The BNA has devalued the kwanza currency official rate by 60 percent since January 2015 to 165 Kwanzas/USD as of April 2016 (BNA). A major gap exists between the official and informal rate of around 430 kwanzas/USD.

3. Expropriation and Compensation

Angola's regulatory authority for ports, the Port and Maritime Institute of Angola (IMPA), the Decreto Presidencial n°50/14 (Presidential Decree number 50 of 2014), published in February 2014, establishes the new Statute for Navigation Agents. This law requires shipping agencies to be exclusively owned by Angolan nationals in order to be granted a license to operate in the country. This legislation implements Law on Merchant Marine, Ports and Related Activities (Lei n° 27/2012, published in August 2012) requiring that port concession activities be reserved for 100 percent Angolan-owned firms. The 2012 law has so far not been consistently applied or enforced.

Changes in legislation and enforcement of existing laws pose risks of reducing company profits. This is especially true in the petroleum sector which has been subject to revised local content regulations, and continues to be impacted by the new foreign exchange law of 2012 which requires the petroleum industry to channel all payments through the local banking system. Given current severe limitations of access to foreign exchange in Angola, the requirement severely impacts petroleum service providers because they can be paid only in local currency and face extreme difficulties repatriating remittances or paying for supplies sourced abroad. The legislative process is generally secretive and closed to public review, though the government increasingly consults with major companies and industries on the drafting of legislation that will affect them, as was the case with the foreign exchange law.

4. Dispute Settlement

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

The Angolan justice system is slow, arduous, and not always impartial. Legal fees are high, and most businesses avoid taking commercial disputes to court. The World Bank's *Doing Business 2016* survey ranks Angola at 187 out of 189 on contract enforcement, and estimates that commercial contract enforcement, measured by time elapsed between filing a complaint and receiving restitution, takes an average of 1,296 days, at an average cost of 44.4 percent of the claim.

In 2008, the Angola 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

With a score of 0.00 out of 16, Angola is 189 out of 189 on the World Bank's 2016 *Doing Business Report* in terms of resolving insolvency.

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

The World Bank found that no foreclosure, liquidation, or reorganization proceedings were filed within the past 12 months.

Investment Disputes

The US Embassy is not aware of any formal investment disputes that have either gone to court or arbitration involving U.S. companies beyond complaints about market obstacles such as lack of foreign exchange access for remittances.

International Arbitration

In June 2014, the Ministry of Justice and Human Rights (MINJHR) opened the Center of Legal Alternatives for Conflict Resolution. Among other functions, the Center is tasked with providing consultation, mediation, and arbitration of contract disputes for both Angolan and foreign businesses. The process is designed to be faster and less costly than the traditional court system. The US Embassy is not aware of any cases having been reviewed by this court.

ICSID Convention and New York Convention

Angola is not a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Award (the New York Convention), the World Bank's International Center for Settlement of Investment Disputes (ICSID), or 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.

Duration of Dispute Resolution

The World Bank's *Doing Business 2016* survey ranks Angola at 185 out of 189 on contract enforcement, and estimates that commercial contract enforcement, measured by time elapsed between filing a complaint and receiving restitution, takes an average of 1,296 days, at an average cost of 44.4 percent of the claim. While a law adopted in 2003 (Arbitration Law No. 16/03) introduced the concept of domestic and international arbitration, the practice of arbitration law is still not widely implemented.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Angola is a signatory of the Agreement on Trade-Related Investment Measures (TRIMs)

5.2 Investment Incentives

Angola's 2015 investment law gives foreign and domestic investors access to investment incentives, with a minimum investment value of \$500,000 for Angolan companies versus a minimum of \$1 million for foreign investors. Incentives for high-priority sectors such 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 APIEX and the relevant ministry.

Research and Development

Research and development are not significant aspects of the Angolan economy and the Government of Angola does not finance or subsidize research and development.

Performance Requirements

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 also 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, this lack of specificity challenges companies in their business planning. For example, it is difficult for companies to compare their competitive position against each other 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 begun to enforce 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 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.

Data Storage

Not applicable.

6. Protection of Property Rights

Real Property

[Land reform](#) in [Angola](#) took place after the end of the [Angolan Civil War](#) in 2002. After two years of preparation, the land law (Lei de Terras de Angola) was passed on 18 December 2004. While the land act is a crucial step towards addressing land tenure, normalization of land ownership in [Angola](#) persists with problems such as difficulties in completing land claims, [land grabbing](#), lack of reliable government records, and unresolved status of traditional [land](#) tenure. Among other provisions, the law included a formal mechanism for transforming traditional land property rights into legal land property rights (clean titles). During the civil

war, a transparent system of land property rights did not exist, so it was crucial to re-establish one shortly after the end of hostilities. Transparency and land property rights are critical for the Angolan economic development given that two thirds of Angolans work in [agriculture](#) and are thus directly dependent on land property rights.

One of the main tasks of the new Angolan land laws was to protect people from evictions, which had frequently taken place during the colonial period as well as during the civil war, largely due to unclear land property rights. Under the Constitution, the state has ultimate ownership of Angola's land with the exception of land protected under international law. The Land Law authorizes private rights to urban land (i.e. cities, townships) that have qualities of freehold titles: the landholder has a perpetual right to occupy and use the land, and the landholder can transfer, mortgage, and sell the right. However, the purchase and sale of untitled urban land must be by public auction, with prices of urban land fixed by price. The law permits most urban and some non-urban land obtained for economic purposes to be leased through long-term renewable leases, often for 60 years, from the Angolan government. Rural agricultural land used for economic purposes is usually leased for up to 60 years, most with renewal options at the end of the lease

Legislation governing the right of access to land includes the 2004 "Land Act" and "General Concession of Land Regulations". According to the "Land Act", the State may transfer or constitute, for the benefit of Angolan natural or legal persons, a multiplicity of land rights on land forming part of its private domain. Although it is possible to transfer ownership over some categories of land, the transfer of State land almost never implies the transfer of its ownership, but only the formation of minor land rights (leasehold being the most common in Angola). The recipient of private property rights from the state can only transfer those rights with consent of the local authority and after a period of five years of effective use of the land (GRA 2004a). Weak land tenure legislation and lack of secure legal guarantees (clean titles), are the reasons given by most commercial banks for their 86 percent refusal rate for mortgages requests. Foreign real-estate developers therefore seek out public-private partnership (PPP) arrangements with state actors who can provide protection against land disputes and financial risks involved in projects that require significant cash outlays to get started.

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 2016* survey, with fees averaging three percent of property value. Owners must also wait five years after purchasing before reselling 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. Over the years, the GRA has given out large parcels of land to individuals in order to support the development of commercial agriculture. However, this process has largely been unsystematic and does not follow any formal rule change on land tenure by the state.

Before obtaining proof of title, an Angolan natural person or an Angolan legal entity must also obtain the Real or Leasing Rights ("Usufruct") of the Land from the Instituto de Planeamento e Gestao Urbana de Luanda. This is often a time consuming procedure taking up to one year or more. However, in the case that company X already owns the land the company must secure a land property title copy from the Real Estate Registry in Luanda. An updated property certificate ("certidão predial") is obtained from the relevant Real Estate Registry, with the complete description of the property including owner(s) information and

any charges, liens and/or encumbrances pending on the property. The complex administration of property laws and regulations that govern land ownership and transfer of real property as well as its tedious registration process may reduce investor appetite for real estate investments in Angola. Despacho no. 174/11 of March 11, 2011, mandates the total fees for the "certidão predial" they include: stamp duty (calculated according to the Law on Stamp Duty); justice fees (calculated according to the Law on Justice Fees); fees to justice officers (according to the set contributions for the Justice budget); notary fees and other fees. The total fee is also dependent on the current value of the fiscal unit (UCF), which is currently at AOA 88.00.

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.

IAPI (Instituto Angolano de Propriedade Intelectual), is the governmental body within the Ministry of Industry charged with improving implementing patent and trademark law. The Ministry of Culture oversees copyright law. IP infringement is rampant, most notably in the production and distribution of pirated CDs, DVDs, and other media, largely for personal consumption. Counterfeit medicines are another major area of concern.

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*.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's [country profiles](http://www.wipo.int/directory/en/) at <http://www.wipo.int/directory/en/>. The US Embassy point of contact for IPR related issues is Gustavo Guerrero (GuerreroGA@state.gov). For legal counsel, refer to Angola's Country Commercial Guide Local Professional Services List (<http://export.gov/ccg/angola090710.asp>)

7. Transparency of the Regulatory System

The regulatory system is complex, vague, and inconsistently enforced. In many sectors, no effective regulatory system exists due to lack of capacity. 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. Draft bills are not made available for public comment.

8. Efficient Capital Markets and Portfolio Investment

Angola's capital markets remain very underdeveloped. To respond to the need for increased sources of financing of the economy, in 2013, the Angolan Government created the Capital Market Commission (CMC), which aimed to open a stock market by 2016. The CMC announced that in 2016 it will prepare a study regarding the establishment of a Commodity Exchange to trade agricultural and livestock commodities contracts. <http://www.cmc.gv.ao/>. Still in its infancy, Angolan authorities anticipate that their establishment of a functioning capital market, including a commodity exchange, will allow Angolan companies to access both domestic and international capital to support their growth and financing needs. Angola's banks are likely the most established businesses that could potentially list on an exchange. However, Angola's banks have struggled in recent years due to the country's deteriorating economic environment and increasing high rate of non-performing loans (estimated 20 percent). Local analysts believe that Angola's banks may go through a massive consolidation phase over the next several years, which may limit their ability in the near-term to list on the country's fledgling stock exchange.

Angola has been slowly testing the waters in terms of accessing the international capital markets. In August 2012, Russia's second-largest bank, VTB, managed the sale of Angola's first international bond, a US \$1 billion, 7-year bond with a 7.0 percent yield. In November 2015, Angola placed a US \$1.5 billion, 10-year Eurobond with a 9.5 percent yield. Deutsche Bank, Goldman Sachs, ICBC managed the 2015 bond placement. The Government of Angola has indicated that it would explore future bond sales, following its successful Eurobond issuance in 2015.

The BNA 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/>.

Foreign investors do not normally access credit locally. For Angolan investors, credit access is very limited, and if available comes with a collateral requirement of 125 percent, so they either self-finance, or seek financing from non-Angolan banks and investment funds. Subsidized government loan programs to promote economic development, like the new Ministry of Economy's Angola Invest US \$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

Angola experienced 14.3 percent inflation in 2015, with forecasts for 2016 at 26.3 percent. The BNA established a new monetary policy framework in October 2012 guided by the BNA daily published base interest rate, and a Luanda Interbank Offered Rate (LUIBOR). The BNA has been under considerable pressure to stabilize Angola's economy as the kwanza lost 35 percent of its value in 2015, and close to 60 percent in the last 16 months. In February 2016, the Financial Action Task Force (FATF) recognized that Angola has made significant progress in improving its regime to combat money laundering and terrorist financing and will therefore no longer be subject to the FATF's monitoring process. The BNA has struggled to fully implement reforms across Angola's banks, which have lost their correspondent relationships

with banks in the U.S. and now rely as of May 2016, mostly on Deutsche Bank for its correspondent banking needs. A limited number of international banks still operate in Angola and provide limited trade finance such as Germany's Commerzbank and South Africa's Standard Bank.

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 (125 percent) 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 frequently 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.

Five banks, Banco Angolano de Investimentos (BAI), Banco Espírito Santo Angola (BESA), Banco de Fomento Angola (BFA), Banco BIC Angola (BIC) and Banco de Poupança e Crédito S.A.R.L. (BPC), control over 80 percent of total banking assets, deposits and loans. Angolan banks focus on profit generating activities including transactional banking, short-term trade financing, foreign exchange, and investments in high-interest government bonds. Loans to most sectors have slowed as a result of the economic crisis. BNA and local bankers have also indicated that there is a growing level of non-performing loans (12 percent in 2015 and 18 percent in 2016 as of the first quarter) across most sectors as clients struggle to make payments on loans as a result of the economic crisis. However, traditional commercial loans are still only a small part of banking in Angola. 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. As of December 2013, the latest figures available indicated that total customer deposits with the Angolan commercial banks was 4.6 trillion Angolan Kwanza (AKZ), an increase of 17 percent since 2012. Most banks focus their operations on short-term commission-related activities such as currency trading and trade finance. Even with the severe economic slowdown and reduction in overall foreign exchange availability, bank profit margins are still high enough to allow them to sustain operations.

In November 2015, Bank of America, one of the last, if not sole global wholesaler of dollar notes, ceased selling physical dollar notes to Angola. As part of their de-risking strategy, Bank of America instructed South Africa-based FirstRand Bank to stop providing dollar banknotes to Angolan banks due to concerns with downstream risks related to Angola. Angola has been impacted by the broader global de-risking trends where-in banks decide to close business in markets deemed too risky from an anti-money laundering and terrorist financing standpoint. International banks have held back on entering the Angolan market because the risk of fines outweighs the potential rewards of doing business in Angola. The supply of other hard currencies, including the Euro, was also severely impacted by this decision. In December 2015, London-based bank Standard Chartered Plc. also ended its U.S. dollar services and corresponding banking relationships in Angola, citing similar compliance concerns. Angola's banks have lost their correspondent relationships with banks in the U.S. and most of Europe and now as of May 2016, relying mostly on Deutsche Bank for its dollar clearing business. Some private companies are struggling to pay overseas suppliers. Angolan banks have severely restricted access to foreign exchange as per the request of the BNA.

Banks are only permitted to provide foreign exchange to the strategic oil sector and for food and healthcare needs.

9. 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 audits (though state oil firm Sonangol is publically released). The standards used are often questioned. Not all SOEs fulfill their legal obligations, and few are sanctioned.

Angola's supreme audit institution, Tribunal de Contas, is responsible for auditing SOEs. However, the Tribunal de Contas does not make its reports publicly available. Angola's fiscal transparency would be improved by ensuring its supreme audit institution audits SOEs as well as the government's annual financial accounts and makes public its findings within a reasonable period of time. This would improve the transparency of contracts between private companies and SOEs.

Angola is not a party to the WTO's Government Procurement Agreement (GPA).

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, President dos Santos established a petroleum-funded US \$5 billion sovereign wealth fund called the Fundo Soberano de Angola (FSDEA). The FSDEA was established in accordance with international governance standards and best practices as outlined in the Santiago Principles. In February 2015, FSDEA was recognized as transparent by the Sovereign Wealth Fund Institute (SWFI), receiving a score of 8 out of 10. FSDEA has the express purpose of profit maximization with a special emphasis on investing in domestic projects that have a social component (<http://www.fundosoberano.ao/investments/>). José Filomeno Dos Santos, son of President Jose Eduardo dos Santos, was appointed chairman of FSDEA in June 2013.

Half of the initial endowment of FSDEA was invested in agriculture, mining, infrastructure, and real estate in Angola and other African markets, and the other half is allocated to cash and fixed income instruments, global and emerging-market equities, and other alternative investments. In April 2015, FSDEA announced five venture capital funds totaling US \$1.4 billion

to be invested in mining, logging, agriculture, health, and entrepreneurship.
(<http://uk.reuters.com/article/angola-wealth-funding-idUKL5N0XA31J20150413>)

10. Responsible Business Conduct

The government has enacted laws to prevent labor by children under 14 and forced labor, although resource limitations hinder adequate enforcement. With limitations, the laws protect the rights to form unions, collectively bargain, and strike. Government interference in some strikes has been reported. The Ministry of Public Administration, Employment, and Social Security has a hotline for workers who believe their rights have been violated. Angola's Chamber of Commerce and Industry (CIACC) established the Principles of Ethical Business in Angola

In 2015, Angola organized an interagency technical working group to explore Angola's possible membership in the Voluntary Principles on Security and Human Rights (VPs) and the Extractive Industries Transparency Initiative (EITI). Angola has been a member of the Kimberley Process (KP) since 2003, and chaired the KP in 2015, until handing over the rotating chair to the United Arab Emirates.

11. Political Violence

Politically related violence is not a high risk throughout most of Angola, and incidents are rare. The last significant incident of political violence happened in 2010 during an attack against the Togolese national soccer team by FLEC-PM (Front for the Liberation of the Enclave of Cabinda—Military Position) in the northern province of Cabinda. FLEC threatened Chinese workers in Cabinda in 2015 and indicated in 2016 that they made claims about returning to armed struggle against the Angolan government forces, the latter have so far proven to be largely untrue. More recently, during the trial of 17 Angolan youth activists, the government forcibly suppressed demonstrations and vigils in support of the activists, who have all been convicted of preparatory acts of rebellion and criminal association and are serving between 2 and 8 year prison terms.

The likely continuation of depressed oil prices (remaining in the mid \$40s) will only put further pressure on the GRA to maintain stability in the country. The GRA has already slashed its budget by half since the start of the economic crisis in 2014. While the GRA has taken an axe to its budget and has cut many subsidies for Angolans (including the gasoline and diesel subsidies), they are now asking Angolans to pay more in taxes. This will likely raise tensions in a country where the government has a spotty track record of delivering basic services. The government has levied new taxes on the oil industry and has even proposed new taxes for the public (payable through customer electricity bills) to fund trash collection in Luanda. There has been sharp criticism from the oil industry and the public regarding these tax increases. Many believe the tax measures are not well timed, considering the enormous pressure businesses and individuals are under at the moment.

Widespread civil disturbances are not anticipated for national elections to be held in 2017.

12. Corruption

The 2010 Law on Administrative Probity requires public officials to disclose their assets and income once every two years and prohibits public servants from receiving money or gifts from private business deals. The Penal Code makes it a criminal offence for private enterprises to engage in business transactions with public officials. Angola has incorporated

regional anti-corruption guidelines and incorporated them into their domestic legislation, including: the Southern Africa Development Community's (SADC) "Protocol Against Corruption," the African Union's "Convention on Preventing and Combating Corruption," and the United Nation's "Convention against Corruption."

(http://www.makaangola.org/index.php?option=com_content&view=article&id=6571&Itemid=266&lang=en)

Angola does not have an independent body to investigate and prosecute corruption cases. Three institutions – the Audit Court, the Inspector General of Finance, and the Office of the Attorney General – perform many of the anti-corruption duties in Angola.

<http://www.business-anti-corruption.com/country-profiles/sub-saharan-africa/angola/initiatives/public-anti-corruption-initiatives.aspx>

Irrespective of the laws on the books and institutions that exist to combat 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

In Angola: None. In 1996 the GAO enacted by presidential decree the Alta Autoridade Contra Corrupção (High Authority Against Corruption) Act. The law has been in effect since then. However, no action to implement it has ever been taken.

Other resources to report corruption:

Mrs. Claudia J Dumas, President, Transparency International
1023 15th Street, NW, Suite 300, Washington, DC 20005

Tel: 1-202-589 1616; Fax: +1-202-5891512

Email: transparency@transparency-usa.org; Website: <http://www.transparency-usa.org/>

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

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 last meeting took place in February 2015 as part of a work-plan to guide the work of the TIFA Council. The Embassy has subsequently engaged with the GRA to advance the TIFA dialogue in December 2015 and has raised the dialogue with the recently appointed Minister of Commerce in April 2016.

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 relations. Angola has bilateral investment agreements in force with Cabo 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.

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

14. Foreign Trade Zones/Free Ports/Trade Facilitation

Angola is a signatory to the Southern Africa Development Community (SADC) and the GRA has indicated that they may join the SADC Free Trade Zone as early as 2017, pending building internal capacity and local industry to be able to compete with other regional markets.

In 2009, Angola established the Luanda-Bengo Special Economic Zone (SEZ). Under the new investment law, the SEZ offers tax incentives to its twenty resident companies. The new law established the general basis of private investment in Angola in special economic zones, free trade zones, development areas and other areas subject to specific regulations defining regimes of access to incentives. Benefits to operating in the zone include more reliable water and electricity access, as well as increased access to quality roads and infrastructure.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

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

Economic Data	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA;IMF;Eurosta; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2014	\$126,000	2015	\$102,000	www.imf.org

Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	N/A	N/A	2014	\$1,907	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States (\$M USD, stock positions)	2013	\$146	2014	\$75	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2013	\$-5.7	2014	1.4%	N/A

Table 3: Sources and Destination of FDI

Not Available. Recently the World Bank has put Angola among the ten countries in Africa least able to make available credible indicators, according to the indicator Capacity Statistics BM - an instrument that measures the capacity of States to collect, analyze and disseminate data on their populations and economies.

Table 4: Sources of Portfolio Investment

Not Available. Recently the World Bank has put Angola among the ten countries in Africa least able to make available credible indicators according to the indicator Capacity Statistics BM - an instrument that measures the capacity of states to collect, analyze and disseminate data on their populations and economies

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

civil legal system based on Portuguese civil law; no judicial review of legislation

International organization participation:

ACP, AfDB, AU, CPLP, FAO, G-77, IAEA, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRC, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO (correspondent), ITSO, ITU, ITUC (NGOs), MIGA, NAM, OAS (observer), OPEC, SADC, UN, UNCTAD, UNESCO, UNIDO, Union Latina, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

There are no exchange controls in effect.

Treaty and non-treaty withholding tax rates

Angola has not concluded tax treaties with any other jurisdiction.

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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