ANGOLA

TRADE SUMMARY

U.S. goods exports in 2013 were $1.5 billion, down 2.7 percent from the previous year. Corresponding U.S. imports from Angola were $8.7 billion, down 11.0 percent. The U.S. goods trade deficit with Angola was $7.3 billion in 2013, down $1.0 billion from 2012. Angola is currently the 71st largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Angola was $1.2 billion in 2012 (latest data available), down from $5.5 billion in 2011.

IMPORT POLICIES

Tariffs

Angola is a Member of the WTO and the Southern African Development Community (SADC). However, Angola has delayed implementation of the 2003 SADC Protocol on Trade, which provides for reduced tariffs.

In November 2013, the Angolan government published a new tariff schedule that, effective January 2014, updates the 2008 tariff schedule. Through the new schedule, the government aims to protect and stimulate domestic industry by raising import and consumption duties on items that Angolan companies already produce, even if the domestic production cannot meet domestic demand. Some of the most notable changes are a 50 percent import duty on beer, a 50 percent import duty on fruit juices, and a 50 percent import duty on vegetables like tomatoes, onions, garlic, beans, and potatoes. The tariff on chicken product imports, which comprise the bulk of U.S. food exports to Angola, remains unchanged, however. The import taxes for roofing materials and bricks have increased to 50 percent. Import duties on a few products, including palm oil, railway materials, and wheat flour, have decreased minimally. In addition to changes in import duty rates, another prominent feature of the new tariff schedule is a policy that allows Angolan industry to enjoy import tax exemptions on inputs that are used to manufacture Angolan made products.

Tariff obligations in the oil sector primarily are determined by individually negotiated contracts between international oil companies and the Angolan government. Because most U.S. exports to Angola consist of specialized oil industry equipment, which is largely exempt from tariffs, the annual impact of tariffs on U.S. exports is relatively low. If companies operating in the oil and mining industries present a letter from the Minister of Petroleum or the Minister of Geology and Mines, they may import equipment to be used exclusively for oil and mineral exploration without duty.

Customs Procedures

The Angolan customs code follows the guidelines of the World Customs Organization, the WTO, and the SADC.

Administration of Angola’s customs service has improved in the last few years, but customs issues still impede market access. The construction of two dry ports for container storage in the Luanda capital area and the diversion of some marine traffic to the Port of Lobito have improved customs clearance.

According to Presidential Decree No. 63/13 of June 11, 2013, pre-shipment inspections are no longer mandatory, as of June 12, 2013, but traders must hire pre-shipment inspection services from private inspection agencies if they wish to benefit from "green channel" access or if pre-shipment inspection is required by their letter of credit agreement. The decree amended articles 10, 11, and 12 of Decree No. 41/06 of 17 June 2006, which required pre-shipment inspection of goods imported into the national territory. The government decided to relax pre-shipment inspection requirements based on its belief that Angolan laboratories have enough capacity to test the quality and safety of food imports. A new private laboratory, Bromangol, has a *de facto* monopoly on the food safety testing of all food imports that enter Luanda. Some importers find that the fees charged by Bromangol are excessive, and they also question whether the testing is actually completed.

Required customs paperwork includes the "Documento Único" (single document) for the calculation of customs duties, proof of ownership of the good(s), bill of lading, commercial invoice, packing list, and specific shipment documents verifying the right to import or export the product. Any shipment of goods of value equal to or exceeding $1,000 requires the use of a clearing agent. The number of clearing agents increased from 55 in 2006 to 223 in 2013, but competition among clearing agents has not reduced fees, which typically range from 1 percent to 2 percent of the value of the declaration.

The importation of certain goods may require specific authorization from various government ministries. This often leads to bureaucratic bottlenecks that can result in delays and extra costs. Goods that require ministerial authorization include the following: pharmaceutical substances, saccharine and products derived from saccharine (Ministry of Health); radios, transmitters, receivers, and other devices (Ministry of Post and Telecommunications); weapons, ammunition, fireworks, and explosives (Ministry of Interior); plants, roots, bulbs, microbial cultures, buds, fruits, seeds, and crates and other packages containing these products (Ministry of Agriculture); fiscal or postal stamps (Ministry of Post and Telecommunications); poisonous and toxic substances and drugs (Ministries of Agriculture, Industry, and Health); and samples or other goods imported to be given away (Customs).

GOVERNMENT PROCUREMENT

The government procurement process is not competitive and often lacks transparency. Information about government projects and procurements is often not readily available from the appropriate authorities and interested parties must spend considerable time to obtain the necessary information. Calls for bids for government procurements are sometimes published in the government newspaper *Jornal de Angola*, but many times the contracting agency already has a preference for a specific business. Under the Promotion of Angolan Private Entrepreneurs Law, the government gives Angolan companies preferential treatment in the procurement of goods, services, and public works contracts. These Angolan companies often then source goods and contract services from foreign companies.

Angola is not a signatory to the WTO Agreement on Government Procurement.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Angola is a party to the World Intellectual Property Organization (WIPO) Convention, the Paris Convention for the Protection of Industrial Property, and the WIPO Patent Cooperation Treaty. Intellectual property is protected by Law 3/92 for industrial property and Law 4/90 for the attribution and protection of copyrights. Intellectual property rights (IPR) are administered by the Ministry of Industry (trademarks, patents, and designs) and by the Ministry of Culture (authorship, literary, and artistic rights).

Although Angolan law provides basic protection for IPR and the National Assembly is working to strengthen existing legislation, IPR protection remains weak in practice due to a lack of enforcement capacity. The government has worked with international computer companies on anti-piracy measures. No legal actions involving IPR owned by U.S. citizens or companies are known to have been filed in Angola.

INVESTMENT BARRIERS

Angola is formally open to foreign investment, but its legal infrastructure provides insufficient protection to foreign investors. A private investment law, passed in May 2011, altered benefits and incentives available for investors. The minimum investment required to qualify for incentives was increased from $100,000 under the previous law to $1 million under the new law. Further, to qualify for incentives, an investor must enter into an investment contract with the Angolan state, represented by the National Agency for Private Investment (ANIP), which establishes the conditions for the investment as well as the applicable incentives. ANIP offices are located in Luanda and Washington, D.C. The incentives and benefits, which can include preferential treatment when repatriating funds out of Angola, tax deductions and exemptions, are negotiated with ANIP and other ministries of the Angolan government on a case-by-case basis. In determining whether to grant incentives, consideration is given to the economic and social impact of the investment, taking into account the government's economic development strategy. Larger incentives of longer duration are offered to companies that invest in lesser developed areas outside of the greater Luanda capital region.

In addition to the process described above, investments with a value between $10 million and $50 million must be approved by the Council of Ministers, and investments above $50 million require the approval of an *ad hoc* presidential committee. By law, the Council of Ministers has 30 days to review an application, although in practice decisions are often subject to lengthy delays.

The Angolan justice system is slow, arduous, and reportedly not always impartial. The World Bank's "Doing Business in 2014" survey estimates that commercial contract enforcement, measured by the amount of time elapsed between the filing of a complaint for breach of contract and the enforcement of judgment by the court generally takes 1,296 days in Angola, whereas the average period in Sub-Saharan Africa is 652 days. While existing law includes the concept of domestic and international arbitration, it is still not widely utilized as a method of dispute resolution in Angola.

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 Mint; in the administration of ports and airports; and in other areas where the law gives the state exclusive responsibility.

Although the 2011 private investment law is part of an overall effort by the Angolan government to create a more investor-friendly environment, many laws governing the economy have vague provisions that permit wide interpretation and inconsistent application across sectors. Investment in the petroleum, diamond, and financial sectors continue to be governed by sector-specific legislation. Foreign investors can establish fully-owned subsidiaries in many sectors, but frequently are strongly encouraged (though not formally required) to take on a local partner.

Obtaining the proper permits and business licenses to operate in Angola is time-consuming and adds to the cost of investment. The World Bank "Doing Business in 2014" report noted that it takes an average of 66 days in Angola compared to a regional average of 29.7 days to start a business.

The government is gradually implementing legislation for the petroleum sector, originally enacted in November 2003 (Order 127/03 of the Ministry of Petroleum). The legislation requires many foreign oil services companies currently supplying the petroleum sector to form joint-venture partnerships with local companies on any new ventures. For the provision of goods and services not requiring heavy capital investment or specialized expertise, foreign companies may only participate as a contractor or sell manufactured products to Angolan companies for later resale. For activities requiring a medium level of capital investment and a higher level of expertise (not necessarily specialized), foreign companies may only participate in association with Angolan companies.

A new Foreign Exchange Law for the petroleum requires that all oil and gas companies make all payments, including payments to suppliers and contractors located outside of Angola, through local Angolan domiciled banks. Furthermore, payments for goods and services provided by foreign exchange resident service providers must be made in local currency.

Some American businesses have reported difficulties repatriating profits out of Angola. Transfers above a certain amount require Central Bank approval and commercial banks may be reluctant to go through the required bureaucratic process. Transfers of funds out of Angola to purchase merchandise for future sale or use in Angola that can be supported by pro-forma invoices are considerably easier to process.

OTHER BARRIERS

Corruption

Corruption is prevalent in Angola due to an inadequately trained civil service, a highly-centralized bureaucracy, antiquated regulations, and a lack of implementation of anti-corruption laws. There continue to be credible reports that high-level officials receive bribes from private companies that are awarded government contracts. Gratuities and other facilitation fees are often requested in order to secure quicker service and approval. It is also common for Angolan government officials to have substantial private business interests. These interests are not necessarily publicly disclosed and it can be difficult to determine the ownership of some Angolan companies. The business climate continues to favor those connected to the government. There are laws and regulations regarding conflict of interest, but they are not widely enforced. Some investors report pressure to form joint ventures with specific Angolan companies believed to have connections to political figures.

Angola's public and private companies have not traditionally used transparent accounting systems consistent with international norms, and few companies in Angola adhere to international audit standards. The government approved an audit law in 2002 that sought to require audits for all "large" companies, but this law is not generally enforced.

Investors have, at times, experienced harassment, political interference, and pressure to sell their investments. In some cases, these practices reportedly have involved individuals with powerful positions within the government who exert pressure either directly or through the established bureaucracy. As a result, some investors have experienced significant delays in payments for government contracts and delays in obtaining the proper permits or approval of projects.