SUMMARY

1. From 2006, when Angola underwent the first review of its trade policy, to 2008, the country recorded vigorous (double-digit) economic expansion, boosted by high oil prices and its position as the second largest oil producer in sub-Saharan Africa. Nevertheless, with the world crisis in 2008 and the collapse of oil prices, Angolan economic growth plummeted to 2.4% in 2009 before staging a gradual recovery to 6.8% in 2013 and standing at 3.9% in 2014. This performance enabled Angola to reduce its poverty rate from 62% in 2001 to 37% in 2009, with an estimated per capita income of US$5,706 in 2012 as compared to US$1,000 in 2001, just before the country emerged from the social and political crisis in 2002. Owing to marked inequalities, however, social indicators have not improved significantly.

2. Indeed, the UNDP's Human Development Index ranked Angola 149th out of 187 countries in 2014 and, of 221 countries, among the ten with the highest infant mortality rate. Driven by highly capital-intensive offshore oil production, Angola's growth has also failed to generate jobs, and unemployment remains high at around 25%. Efforts are now being geared towards diversification, as oil products still account for some 40% of GDP, over 95% of export earnings and close to 75% of government revenue. The overriding aim is to boost agricultural production, which only makes up about 5% of GDP, although it employs over half of the workforce; Angola was self-sufficient in food before gaining independence in 1975 and has immense potential for meeting this challenge. The development of manufacturing (about 4% of GDP) is relying on agribusiness and the processing of mineral resources (1% of GDP), consisting mainly of diamonds, of which Angola is Africa's second-largest producer. Services (generating some 22% of GDP and 39% of all jobs) are expanding, although the country is still a net services importer.

3. Continued implementation of the stabilization programme supported by the IMF between November 2009 and March 2012 helped reduce consumer price inflation to 7.3% in 2014, the lowest level in 20 years. The reforms also aim to increase the competitiveness of the economy, where prices have remained very high for too long. Infrastructure investment over recent years is expected to be a contributing factor. Trade policy, which falls mainly under the Ministry of Trade (MINCO) and involves other ministries and state agencies as well as the private sector on an ad hoc basis, supports the aim of diversifying the economy towards fast-moving consumer goods (food products in particular). Given the continuing decline in oil revenues and the accompanying contraction in imports, boosting Angola's trade, which fell from over 100% of GDP until 2011 to around 77% in 2013, calls primarily for diversification, which is also expected to help alleviate poverty over the long term. The country is pinning its hopes on the market openings that would result from the conclusion of the Doha Development Agenda. For now, Angola's main suppliers are Portugal, China, the Republic of Korea and Brazil, and the leading destinations for its exports, chiefly oil products, are China, the European Union, the United States and India.

4. Angola became an original WTO Member on 23 November 1996. It is not party to the Plurilateral Agreements on Government Procurement and on Trade in Civil Aircraft. Angola grants at least MFN treatment to all its trading partners. Despite participating actively in the Trade Facilitation Agreement negotiations, Angola has not yet ratified the Agreement or notified its Category A commitments. Angola belongs to two of the eight regional economic communities recognized by the African Union, namely the Economic Community of Central African States (ECCAS) and the Southern African Development Community (SADC). Angola has neither ratified the SADC Trade Protocol nor signed the SADC draft Protocol on Trade in Services. Angola withdrew from COMESA in 2007. Angola has supplemented its network of bilateral trade agreements, which has increased from 30 to 38 framework or cooperation agreements. Angola participated, as part of the SADC group, in the negotiations for an Economic Partnership Agreement (EPA), but did not initial the Agreement concluded by the European Union with six other SADC members in July 2014. Angola is a beneficiary of the United States' African Growth and Opportunity Act (AGOA) and as a least developed country, of the GSP schemes of other countries. Under the Global System of Trade Preferences among Developing Countries (GSTP), Angola has conducted negotiations with Mozambique and Cuba. For the time being, however, Angola accords no trade preferences.

5. A 2011 law provides for equal treatment of domestic and foreign investors. The petroleum, gas, diamond and financial institution sectors are subject to special regimes, which include tax and customs benefits. Angola has signed agreements on the promotion and reciprocal protection of investments with 13 States. It is also party to the various United Nations conventions

guaranteeing the rights of foreign investors. It is a member of the Multilateral Investment Guarantee Agency (MIGA) but not a member of ICSID. Investors are eligible for tax benefits, customs benefits and exchange control benefits, negotiated on a case-by-case basis under a contract with the authorities, within ranges set by the law in accordance with various criteria, in particular geographical and sectoral ones. In return for these benefits, companies and enterprises formed for the purposes of private investment are required to employ Angolan staff, provide them with the necessary vocational training and offer them salaries and benefits commensurate with their qualifications.

6. A regime governing public-private partnerships (PPP) was also introduced under a 2011 law. These partnerships cover areas previously reserved for the State, where investment and private management under a concession regime have been deemed conducive to accelerating infrastructure development. All land holdings belong to the State, which may, however, assign the right to use land under a concession or long-term lease.

7. According to data notified to UNCTAD, in 2014 Angola was the second highest recipient of foreign direct investment inflows in the whole of Africa – up five places from the previous year, with investment totalling US$16 billion. Nevertheless, in the same year Angola was ranked only 181st out of 189 in the World Bank's Doing Business rankings.

8. Businesspersons must be registered in the Register of Exporters and Importers administered by the MINCO. Since 2011, importers and exporters of goods exceeding a value of US$5,000 also have to obtain an import/export licence. From March 2012 onwards, import, export and re-export licences have been managed electronically. All goods imported or exported through Angolan sea ports must have a cargo tracking note; the associated charges may vary from one shipment to another. A customs declaration is required for both imported and exported goods under any customs regime, if their value exceeds AOA 475,288. The declaration may only be submitted through an approved customs clearing agent (or forwarding agent), who must be an Angolan national.

9. Angola has introduced a risk management mechanism used to process customs declarations. There is also a deferred control mechanism, but goods may not be withdrawn until the amount owing in duties and taxes has been paid; only oil industry operators may post security for the purpose of removing goods. During the period under review, Angola put an end to its preshipment inspection system, computerized the main customs posts and merged all tax administrations into the General Tax Administration (AGT). There is an accelerated customs clearance procedure for authorized ("trusted") operators; an accelerated procedure is also available for goods requiring priority customs clearance because of their nature.

10. To diversify its economy, Angola has taken several import substitution measures. Customs tariff rates (especially those on agricultural products) have risen considerably and fall within a range of 2% to 50%, with an average of 10.9% (compared to 7.4% in 2005). Hence, for 31 tariff lines the applied MFN rates often exceed the bound rates by as much as 35 percentage points. Imports are subject to various other duties and taxes, often *ad valorem*, even though Angola bound them at 0.1%. Some imported or domestically produced products are subject to a consumption tax, mostly at a rate of 10% (which may be as high as 30% in some cases). This tax has a knock-on effect that is prejudicial for competitiveness and consumers. There is a ban on cement imports, and various agricultural products are now eligible for an import quota regime, which is awaiting implementation.

11. Duty and tax concessions may be accorded for some goods or economic operators. During the period 2009-2014, revenue foregone as a result of these concessions for import and export duty and taxes ranged from 24.7% to 40.9% of annual customs revenue. Most of the customs duty exemptions are for imports intended for the oil and gas industries.

12. Other than a general framework, Angola has no anti-dumping, countervailing or safeguard legislation and has never adopted such measures. The SPS and TBT regimes are not coordinated. For example, some imports are subject to several inspections by different institutions, which collect the associated fees. The import of bovine animals from Namibia has been suspended for the time being because of foot-and-mouth disease. Food and consumer products may not be

imported into Angola if less than one quarter of their shelf life remains; for pharmaceuticals and cosmetics, the threshold is 50% of their shelf life, with a minimum of six months.

13. Export duty is payable on some products, including minerals exported in the rough state, and is based on the f.o.b. value. Goods in transit by land must be escorted. According to the authorities, the State is not involved in export financing and does not grant any export subsidies. Activities are reportedly under way to set up a National Export Promotion Agency (ANPEX) and to draw up an export promotion strategy.

14. Angola has not yet notified the WTO of its state-trading enterprises within the meaning of Article XVII of the GATT. Yet State involvement in the economy remains extensive. State-owned enterprises operate in almost all areas of economic activity, particularly in the oil, diamond and electricity industries, which for the most part are still under State monopoly. Consumer subsidies are granted for several products, including fuel, electricity and water, which are subject to price control. A new government procurement management framework introduced in late 2010 stipulates a preference for goods produced in Angola and/or services provided by Angolan or Angola-based suppliers. No competition policy has been adopted to date, and Angola's intellectual property regime dates back to 1992.

15. With a young and growing population, vast expanses of land suited to agriculture and extensive hydraulic resources, Angola has the potential once again to become a major agricultural producer and exporter. Yet, with an estimated 5.4% share of GDP in 2013, agriculture (including forestry and fishing) is slow in becoming a driving force of diversification in the national economy and in the fight against poverty. Industrial fishing (tuna, shrimp, prawns and crabs) is reserved exclusively to Angolans or to foreign vessels leased to or jointly owned with Angolans. Angola remains a net importer of agrifood products.

16. Agriculture in Angola is still dominated by small-scale family farms, and the low level of mechanization is limiting productivity in a number of sectors. The fragmentation of the domestic market, caused mainly by poor infrastructure and the lack of marketing platforms, tends to reduce producer profit margins. Outreach services are still rudimentary and the lack of a legal framework is a disincentive to setting up agricultural associations and cooperatives. Moreover, a monetary policy that results in overvaluation of the national currency is tending to erode the competitiveness of the agricultural sector, for which most inputs and equipment are imported.

17. Agriculture and food processing receive the highest levels of tariff protection. The average rate of 23.3% applied to agricultural products (WTO definition) is more than twice the 2005 level; it is also more than twice the 2015 average rate on non-agricultural and non-oil products (9.1%). Based on the ISIC (Rev.2) definition, agriculture remains the most protected sector with an average tariff of 23.8%. Besides, some products may be imported free of duty and consumption tax if they have been included in the "basic basket" or in the event of a shortage on the domestic market. Domestic support for the agricultural sector takes various forms, including subsidized credit, the lending of material and equipment, subsidies for draught power and irrigation costs, and the provision of veterinary services free of cost to small producers. According to the authorities, agriculture does not receive more than 5% of the national budget.

18. The oil industry is still the mainstay of the Angolan economy, despite the negative shocks that affected its performance in 2014. The test phase of natural gas production in Angola began in 2013 and full production should be under way by the end of 2015. As the State's sole concessionaire, the government-owned company Sonangol (*Sociedade Nacional de Combustíveis de Angola*) controls all activities relating to oil and natural gas. Sonangol held financial stakes in 165 other enterprises in 2013, operates a vertically integrated conglomerate in the subsector, and is active in several other fields. Domestic demand for refined oil products is met chiefly with imports; through a subsidiary, Sonangol holds exclusive import rights for oil products (except for lubricants).

19. Angola's subsoil is rich in a wide variety of mineral resources that have not yet been properly identified and assessed. Recent mining exploration and exploitation have focused on diamonds, of which Angola is one of the world's leading producers. The mining subsector is facing a number of problems, including a lack of suitable infrastructure and the continuing presence of anti-personnel mines; the very limited domestic supply of inputs and services indispensable to

geological and mining activities; and the lack of financing and credit mechanisms geared to the mining industry on the Angolan market. In exchange for the granting of mining rights, the State receives a share of the proceeds from mining through joint ventures, in which at least 10% of the equity is held by a state-owned enterprise, and/or through production sharing in proportions that vary throughout the production cycle. A new Mining Code in force since September 2011 introduced the possibility of a foreign majority stake (up to 90%) in joint ventures set up to work strategic minerals; the adoption of a standard investment contract; and the award of mining rights by open competition (mandatory for all strategic minerals).

20. The National Diamond Company of Angola (ENDIAMA) is a state-owned enterprise that holds exclusive diamond mining rights throughout Angola; it represents the State in the granting of those rights and coordinates prospecting and mining. ENDIAMA holds financial stakes in several companies and is engaged in activities across the diamond subsector, including marketing, and in various other fields (industrial security, air transport, hotels, and medical services).

21. Substantial State investment has led to steady growth in electricity output, especially from thermal power generation. The potential of hydraulic and natural gas reserves and that of other renewable energy sources has not yet been fully exploited. Despite the progress made, the estimated 30% rate of electrification is still below the average for African countries, and random power cuts are still a major problem. Electricity transmission and distribution are still fragmented and too limited to cover the entire national territory. A programme to restructure the subsector, aimed at attracting private investment, has been in progress since 2013. The State will nevertheless retain a monopoly over transmission.

22. The inadequacy of basic infrastructure and insufficient skilled labour are still dampening the dynamism of industrial activity. Angola remains a net importer of manufactures, mainly consisting of machinery and rolling stock, non-electrical machinery and other semi-finished goods. The considerable growth and diversification potential of Angola's manufacturing sector would be better harnessed through more effective use of the available resources and stronger links with other sectors of the economy, particularly agriculture and the extractive industries.

23. Angola has four fixed telephony and two mobile telephony providers. The share of fixed telephony is negligible, while mobile telephony is booming. The historical operator Angola Telecom is still 100% government-owned and has been recapitalized under a plan granting it autonomous management. It is being outperformed on the mobile telephony market by a private operator with majority Angolan capital. There are plans to award a third mobile licence. The regulatory framework was recently overhauled and is largely liberalized. The wireless local loop, cable modems, fixed wireless broadband and international gateways are nonetheless still subject to a monopoly.

24. Banking services are one of the three sectors, along with tourism and recreational, cultural, and sporting services, in which Angola has undertaken commitments under the GATS. With the restoration of civil peace and the ensuing oil boom, Angola's banking system expanded vigorously and today ranks third in sub-Saharan Africa. Similarly, from a handful of state-owned banks, the number of banks in the market has now reached 24, of which only three are government banks; the others belong either to local private interests or, in the case of nine of them, to foreign interests. The country is still largely underbanked, and lending is mainly short-term, at relatively high interest rates. Foreign banks are not allowed to establish subsidiaries in Angola. Since the 2009-2012 crisis, the central bank has undertaken extensive regulation to remedy the structural weaknesses in Angola's banking system and align it with international standards.

25. In 2000, Angola began deregulating its insurance sector, which has since expanded from a single state-owned insurer (ENSA) to 17 insurance companies, most of them private, in 2014. The sector is still fairly concentrated, with the three leading insurance companies accounting for a market share of 83% (ENSA (38%), AAA Seguros (23%) and GA Seguros (21%)) in 2014. The sector's penetration rate is still a very low (0.8%), which would suggest that there is enormous scope for development. Insurance companies must take the legal form of limited companies and at least 30% of the capital must be domestic. In essence, the pension funds manage the retirement savings of employees of the large industrial companies operating in Angola, particularly but not exclusively in the oil sector.

26. The bulk of the containers imported and oil products exported are carried by foreign shipowners under third-party flags, even though there is a complex cargo-sharing scheme designed to promote the Angolan flag. In practice, interested foreign shipowners must register with Angola's National Shippers' Council, which delivers a cargo tracking note against payment of a fee. The container terminals at two of Angola's six main ports are run under a 20-year concession by a private Angolan-Danish company. Traffic has risen substantially, although it is hampered by problems relating to infrastructure, costs and customs clearance times.

27. As pertains to air transport, TAAG Angola Airlines is still fully state-owned but has signed a ten-year management agreement with Emirates Airlines. By and large, the air transport agreements signed by Angola resemble the relatively restrictive "Bermuda 2" model. The principal airports are managed by a state-owned company, but some airport services have been contracted out. A new international airport is being built in Luanda. Self-handling and mutual assistance are not allowed, but there are third-party providers that are independent of the airport authorities and the national airline.

28. Angola's rail network is still being refurbished. An ambitious plan has been adopted with a view to interconnecting the three existing networks, linking them up with neighbouring countries, merging the three existing state-owned companies, separating the rail transport management company from the infrastructure management company and putting the operation of lines out to concession. The plan is still awaiting implementation.

29. Development of the road transport sector is hampered by ongoing infrastructure refurbishment work, and the sector is largely informal and domestic in nature. A modern regulatory framework has been adopted, involving the award of quota-free licences based on quality criteria, and road transport agreements are being negotiated with neighbouring countries.

30. Tourism development is still constrained by transport service problems (infrastructure problems in particular), the high cost of living in Angola and the remnants of the social and political crisis (such as anti-personnel mines).