ANGOLA

TRADE SUMMARY

U.S. goods exports in 2014 were $2.0 billion, up 41.4 percent from the previous year. Angola is currently the 65th largest export market for U.S. goods. Corresponding U.S. imports from Angola were $5.7 billion, down 34.6 percent. The U.S. goods trade deficit with Angola was $3.7 billion in 2014, a decrease of $3.6 billion from 2013.

The stock of U.S. foreign direct investment (FDI) in Angola was $1.3 billion in 2013 (latest data available), up from $846 million in 2012.

IMPORT POLICIES

Tariffs and Nontariff Measures

Angola is a member of the World Trade Organization and the Southern African Development Community (SADC). However, Angola has delayed implementation of the 2003 SADC Protocol on Trade (which seeks to reduce tariffs). The Angolan government is concerned that implementation of the SADC Protocol on Trade would lead to a large increase in imports, particularly from South Africa.

The Angolan government published a new tariff schedule in November 2013 that became effective in January 2014. Through the new schedule, the government aims to protect and stimulate national industry by raising import and consumption duties on items that Angolan companies already produce, even if domestic production cannot meet domestic demand. Notable changes include a 20 percent increase on the import tax of beer, resulting in an import tax of 50 percent; a 50 percent import duty (35 percent increase) on fruit juices; and a 50 percent import tax (35 percent increase) on certain vegetables, including tomatoes, onions, garlic, beans, and potatoes. The import taxes for roofing materials and bricks have also increased by 20 percent to 50 percent. The import tax for chicken products, which make up the bulk of U.S. food exports, is unchanged but remains high. Cement is also a focus of the Angolan government's efforts to protect and promote local production. Angola seeks to increase output for both domestic consumption and exports through Executive Decree No. 15/14 which sets limits on cement importation, regulates prices, and specifies ports through which cement can be imported.

Under the 2013 tariff schedule, rates on a few products like palm oil, railway materials, and wheat flour had small decreases. 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.

Tariffs for the oil industry are largely determined by individually negotiated contracts between international oil companies and the Angolan government. As 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 without duty equipment to be used exclusively for oil and mineral exploration.

Customs Barriers

Administration of Angola's customs service has improved in the last few years but remains a barrier to market access.

Under the Presidential Decree No. 63/13, pre-shipment inspections are no longer mandatory as of June 12, 2013, but traders may continue to contract for pre-shipment inspection services from private inspection agencies if they wish to benefit from faster "green channel" access, or if pre-shipment inspection is required by their letter of credit agreement. Some importers find that the fees charged by Bromangol, a private laboratory which dominates the inspection market, are excessive, and they also question whether the testing is actually completed.

Any shipment of goods equal to or exceeding $1,000 requires use of a clearing agent. While the number of clearing agents increased from 55 in 2006 to 223 in 2013, competition among clearing agents has not reduced fees, which typically range from one percent to two 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 and saccharine and derived products (Ministry of Health); fiscal or postal stamps, 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); 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

Angola's government procurement process lacks transparency and competition among suppliers. 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. Although calls for bids for government procurements are sometimes published in the government newspaper "*Jornal de Angola*," many contracting agencies may already have a preference for a specific business before receiving all the bids. The Promotion of Angolan Private Entrepreneurs Law provides Angolan companies preferential treatment in the government's procurement of goods, services and public works contracts. Angolan companies often then deliver these goods and services by subcontracting with foreign companies.

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

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Angola was not listed on the 2014 Special 301 Report. 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 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 continues to work to strengthen existing legislation, IPR protection remains weak in practice due to a lack of enforcement capacity.

INVESTMENT BARRIERS

Angola is open to foreign investment, but it can be a difficult environment for foreign investors. A private investment law passed in May 2011 altered benefits and incentives for investors and spelled out distinctions between domestic and foreign investors. For example, the minimum investment required to "repatriate profits, dividends, and similar returns" was increased from $100,000 to $1 million. Investors 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.

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 can be slow and arduous. The World Bank's "Doing Business in 2015" report estimates that "Enforcing Contracts" as measured by the amount of time elapsed between the filing of a complaint and the receipt of restitution, generally takes 1,296 days in Angola, whereas the average period in sub-Saharan Africa is 650 days. While existing law contemplates domestic and international arbitration, arbitration law is not widely practiced.

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.

Investment in the petroleum, diamond, and financial sectors continues 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's "Doing Business in 2015" report noted that it takes an average of 66 days to start a business in Angola compared to a regional average of 29.7 days.

The Angolan 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. Foreign petroleum companies face local content requirements forcing them to acquire low capital investment goods and services from Angolan-owned companies. 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.

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

A handful of American businesses have reported difficulties repatriating profits out of Angola. Transfers above a certain amount require Central Bank approval, and commercial banks are sometimes reluctant to meet the bureaucratic requirements necessary to repatriate profits.

OTHER BARRIERS

Corruption

Corruption is prevalent in Angola for many reasons, including an inadequately trained civil service, a highly-centralized bureaucracy, antiquated regulations, and a lack of implementation of anti-corruption laws. "Gratuities" and other facilitation fees are sometimes requested in order to secure quicker service and approval. It is common for Angolan government officials to have substantial private business interests. These interests are not necessarily publicly disclosed, and it is 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.