



India in Angola

Economic Newsletter

March - April 2021



TOGETHER IN PARTNERSHIP
TOGETHER IN BUSINESS

From the Ambassador's Desk



Dear readers,

I am happy to present the fourth edition of our economic newsletter 'Together in Partnership - Together in Business'. We are pleased to inform you that during the months of March and April 2021, I met the Ministers of Telecommunication and IT; Culture, Tourism and Environment; CEO of Endiama; Director of Multilateral in MiREX ; and Consultant to the President of Angola. I also visited the province of Malanje. We launched celebrations to commemorate the 75 years of India's independence on 18th March in Angola with a Social Donation Camp and launched 'Little Guru' an app to learn Sanskrit in Angola on 28th April. These events will continue to run till 15 August 2022. I am pleased to inform you that there was a deep interest on both sides to diversify our economic and trade relationship and we are looking to take concrete steps in this direction in the coming months. In the current issue we are focusing on the Diamond and Mining sector and upcoming opportunities in the Sourimo Diamond Zone. We have also included the Agricultural rich province of Malanje this time as our focus area in Angola. We also introduce you with the changes in laws and regulations for businesses in Angola that have been announced during this period. The economic trends and developments in Trade and Industry are other area of highlight in this newsletter. Your suggestions, comments and feedback are welcome. I request you to share this newsletter with your colleagues and acquaintances. Each newsletter will also be posted on our website (www.indembangola.gov.in) Facebook page (@indiainangola2019) Twitter (@IndiainAngola) and Instagram (@india_in_angola).

With regards

(Pratibha Parkar)
Ambassador
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AMBASSADOR VISIT TO MAJANJE PROVINCE



On 29th March 2021 H.E Ambassador Pratibha Parkar visited Malanje, one of the 18 provinces of Angola and met H.E Norberto Fernandes dos Santos, Governor of Malanje Province in the presence of H.E. Ambassador Clemente Camenha de, Director of the Asia Oceania Department, Ministry of Foreign Affairs.

The visit highlighted the great potential and topographical advantages that Malanje exhibited especially for doing agriculture, being rich with fertile land, enough water resources, provision of energy and having an institute of food Processing.

The Governor informed that Malanje is the second largest producer of cassava, a big producer of cotton and Rice. The Governor invited investment in these sectors for advanced technologies from Indian companies and businessmen.



Malanje is also one of the tourist spots in Angola and the Governor invited private investment towards enhancing tourism in the region.

MALANJE PROVINCE IN ANGOLA

Brief Perspective

Malanje, also spelled Malange, town, north-central Angola. The town developed in the mid-19th century as an important *feira* (open-air market) on the country's principal plateau, between Luanda, 250 miles (400 km) to the west—and the Cuango valley, 125 miles (200 km) to the east. Situated at an elevation of 4,373 feet (1,333 metres), the town has a high-altitude tropical climate.



The province is predominantly agricultural. The most intensively used area in the province of Malanje is the area around the provincial capital, where cotton and sugarcane are the most important industries. The cotton industry was once of vital importance to the national economy, but the years of the Angola Civil War have badly stagnated it. Agriculture in Malanje Province is gradually taking off again, and numerous international investors have been involved, to develop the maize and sugarcane industry. Malanje Province is also a producer of cassava, sweet potatoes, peanuts, rice, soybeans, sunflowers and various vegetables. The province also has significant reserves of diamonds, limestone, manganese, uranium and phosphate.

The chief economic activities are stock raising (mainly goats) and the cultivation of cotton, corn (maize), fruits and nuts, cassava (manioc), sisal, and tobacco; mineral resources include manganese and gold. Malanje is the terminus of the Luanda Railway, which connects it with the Atlantic coast.

Economic Profile and Mapping of Resources:

Agriculture, Livestock, and Fisheries

Malanje has a high potential for the development of agriculture, forestry fisheries and livestock, in a modern and competitive way, based on its climate, soils, water resources, biological resources, and sources of electric power, a fact that can mean a great opportunity for interested investors. Cassava is the main crop, with 34% of the cultivated area, followed by corn (22%) beans (24%), peanuts (12%) and sweet potatoes (9%). The remaining are vegetables and various fruit trees. Rice, cotton and tobacco were great importance in the past, but its recovery is slow to happen.

Currently, there are several initiatives in the province that count on large public investments, the main one is the Capanda Agroindustrial Capanda in Cacuso, with an area of 410,000 hectares. The company Bioenergy company of Angola (BIOCOM) plays the main role for the production of sugar production of sugar, ethanol and electric energy. Malanje is also one of the provinces of Angola with large scale private investment in Agriculture namely the Castle Group Farm which had invested USD 40 million for the production of corn to manufacture the famous beer Cuca in Angola. In October 2020, the first Higher Education Institute for Agro-Food Processing Technology was inaugurated in Malanje, as a result of a bilateral agreement between Angola and France.

Industry, Geology and Mining

Despite the water potential, with high energy capacity and roads, railway and rail connections, industrial activity in Malanje Province is incipient, being limited to small bakery industries and mills. The only main industry is BIOCOM. Malanje's Industrial Pole is in the installation phase, with a textile unit, whose equipment is already in Malanje. In the field of geology and mining, there are important mineral resources in the territory, namely diamonds, gold, ornamental rocks manganese, iron, gypsum, various aggregates, bicarbonated waters, among others

MALANJE PROVINCE IN ANGOLA

Tourism and Hospitality: Tourism has become more important, largely due to diverse natural attractions, including the Kalandula Falls, the black rock formation of Pungo Andongo, two nature reserves and the Cangandala National Park. Cangandala National Park, the smallest national park in the country, was originally established under Portuguese rule in 1963 to protect the Giant Sable Antelope, before being declared a national park on 25 June 1970. The region is noted for its 350-foot- (107-metre-) high Duque de Bragança Falls on the Lucala River; the Luando Game Reserve in the south; the Milando animal reserve in the north; and the Pungo Andongo stones, giant black monoliths associated with tribal legend.

Energy and Water: Malanje has numerous waterways with natural waterfalls, forming natural hydroelectric dams, and its solar and wind potential, Malanje offers enormous opportunities for energy exploration using non-polluting and renewable sources. Malanje also has two of the largest hydroelectric dams in operation in the country (Capanda and Laúca), which supply energy to other provinces. It also benefits from part of the energy produced by BIOCUM. Despite this, the province continues to have a deficit in electricity supply in some municipalities, some of them are now dependent on electricity produced from the generator sets installed at the municipal headquarters.

Investment Opportunities:

Cotton industry – The equipment for a textile project has been supplied by India which is to be installed in Malanje.

Corporate agriculture - with emphasis on intensive crops such as for supplying poultry units; the recovery of coffee and cotton cultivation of coffee and cotton (there is already a processing unit that needs raw material) ; and productions for agro-industry (sunflower, peanuts, beans, cereals, fruits, and tubers).

Large-scale agro-livestock farming - Industrial Poles of Lucala and Dondo, through the attraction of transformation units of agricultural products, in particular the production of palm oil, vegetable oil, cotton and coffee processing, and processing of cotton and coffee, and fruit juices.

Tourist potential (nautical, ecological and rural) in the areas with the greatest potential for attracting visitors development of the hotel and restaurant offer, and promotional actions.

Chambers and trade Associations in Malanje

- Chamber of Commerce and Agro-Industry of Malanje
- Association of Woman Entrepreneurs of Malanje
- Association of Resort and Hotels of Malanje
- Association of Farmers of Malanje
- Industrial Bakers Association of Malanje

COOPERATION IN GEMS AND JEWELLERY SECTOR

On 19th February Ambassador Pratibha Parkar met José Manuel Ganga Júnior, CEO of ENDIAMA EP, Angola's State-owned Diamond Trading company and discussed opportunities for Indian businesses in the Angolan diamond subsector. Both sides agreed on the importance of the diamond business in the existing trade relationship between the two countries, and expressed their intention to strengthen the already existing ties. India has great experience in the diamond polishing segment as well as the latest technology for this purpose. CEO, ENDIAMA informed that the work on the exclusive Sourimo Diamond Zone in Lunda Sul was being carried out in full pace and two Indian companies have already set up their units in the Zone. He invited Ambassador and Indian companies to visit the Sourimo Lunda Sul Diamond Zone to see the developments.

Local media reports suggest that despite the Covid-19 pandemic that is plaguing the world, the Angolan diamond sector, the second largest source of wealth in the country, the 6th largest diamond producer in the



world and third on the African continent, has seen improvements in the process of its renovation. The sector is developing and serves as a stimulus for the national economy where there is an important investment in the diamond sector with the ongoing works of the Saurimo Diamond Development Zone and it would also benefit the Angolan society. The Zone provides for the use of renewable energy sources, and has the mission of bringing together all public and private companies, with the objective of stimulating growth and taking advantage of the sector's potential.

IGEO hosts business meeting in the field of mining

On 26th March, Mr Aditya Vats, Second Secretary, attended a briefing by the Ministry of Mineral Resources Petroleum and Gas for the diplomatic missions accredited in Angola on the developments in the Sourimo Diamond Zone. It was highlighted that most of the technical know how on setting up of the diamond polishing units in Lunda Sul were imported from India. A visit of the Geological Institute of Angola (IGEO) was also organized for the diplomats and the briefing was aimed to raise awareness about business opportunities in Angola in the fields of oil and gas mining, with a view to promoting the mobilization and attracting of investments in their countries.

ECONOMIC DEVELOPMENT IN ANGOLA- LAWS AND REGULATIONS

Privatization

The 2019-2022 Privatization Program (PROPRIV) was updated to boost the ongoing process of privatizations. Besides adjusting the Program's timeline, Presidential Decree No. 44/21, February 2021, also includes new companies and assets to be privatized while excluding others from the Program. PROPRIV creates a roadmap of procedures and a timeline for privatizations to take place by 2022 with regard to over 190 companies and assets from different economic sectors, including Mineral Resources, Transport, Construction, Telecommunications, Banking, Health and Agriculture.

Energy and Water -

Legal Framework on Fee for Capture of Public Domain Water

In order to strengthen the Regulations on General Use of Water Resources, approved by Decree-Law No. 82/14, of 21 April 2014, which define a set of rules for the use of water resources, the President of Angola approved, a Presidential Decree No. 41/21, the legal framework on the fee for capture of public domain water. This statute aims on one hand to guarantee the sustainability of water resources, and on the other to establish the scope, determination, assessment, collection and payment of the fee on the capture of public domain water, created to compensate for the environmental costs inherent to activities that may cause significant impacts on the hydric domain.

Regulations on Independent Generation of Electricity

Through Presidential Decree No. 43/21, of 17 February 2021, the President of the Republic approved the Regulations on the Independent Generation of Electricity. This statute aims to respond to the need to determine the rules of access to the activity of independent generation of electricity in general, as well as to create special frameworks for independent generation of renewable and emergency power.

Oil & Gas

New Legal Framework Applicable to Importation and Marketing of Lubricants

By means of Executive Decree No. 30/21, the Minister of Mineral Resources, Petroleum and Gas approved the Legal Framework Applicable to the Importation and Marketing of Lubricating Oils and Greases, setting forth the principles applicable to engagement in the activities of importation and marketing of said products in Angola. In addition to identifying the documentation required for the licensing of the wholesale activity, the statute establishes, among other things, requirements applicable to importers, as well as rules on the term, validity and cancellation of licenses. Breach of the rules set forth in the statute may constitute an infraction and respective fine and the application of additional penalties, such as the seizure of petroleum products, the temporary closure of facilities and license cancellation.

Regulations on Specifications of Lubricants Approved

By means of Executive Decree No. 31/21, the Minister of Mineral Resources, Petroleum and Gas approved the Regulations on Specifications of Lubricants Marketed in Angola. The new statute applies to entities that produce, import or market lubricating oils and greases. The specifications set forth in the statute cover lubricants to be used in four-stroke gasoline/diesel engines, automotive gears, stationary and/or industrial equipment powered by gasoline/diesel, recreational craft, and lubricating greases. Breach of the rules provided in the statute may constitute an infraction and respective fine and may entail termination of the license.

ECONOMIC DEVELOPMENT IN ANGOLA- LAWS AND REGULATIONS

Taxation

Regulations on Free Zones Law Approved

The Regulations of the Free Zones Law, which came into force on 4 January 2021, were approved (through Presidential Decree No. 4/21, of 4 January 2021). Among other matters, the new statute sets forth the terms for the creation of free zones and the entity responsible for their supervision, and provides for the creation of an investor counter for each free zone, as well as the definition of the powers attributed to the entity managing the free zone. The Regulations also include provisions on aspects such as the control of the entry and exit of goods to and from the free zone.

Expropriations

By means of Law No. 1/21, of 7 January 2021, the National Assembly approved the Law of Expropriation by Public Utility. The new law lays down the specific procedure for expropriations, in line with the general principles set forth in the Angolan Constitution, which recognize the right to private property and establish that expropriations are only permitted if grounded on reasons of public interest and are subject to the payment of fair and prompt compensation. A number of important matters are still dependent on regulations to be approved by the President of the Republic, notably specific rules on the definition of the value of the relevant land, the list of experts responsible for inspections and for drafting evaluation reports, as well as regulations dealing with resettlement of populations affected by expropriation procedures. The Expropriation Law enters into force 180 days after publication in the Official Gazette, i.e. in July 2021. However, it is applicable to ongoing expropriations, with appropriate adaptations.

Law on insurance and re-insurance activity: On March 02, President Joao Lourenco approved, the Draft Law that regulates the conditions of access and exercise of the insurance and re-insurance activity. The law stems from the need to regulate the functioning of the market, as well as the prevention of systemic risk and adapt the legislation on the matter to the new constitutional framework, taking into account the state of development of the national economy and the guidelines of the International Association and the Southern African Insurance, Securities and Non-Banking Financial Institutions (CISNA).

Competition

The fees and related payment procedures arising from the provision of services by the Competition Regulatory Authority ("CRA") were approved by Ministry of Finance Executive Decree No. 32/21, of 1 February 2021. Fees are due to the CRA for the provision of public services, notably for the assessment of concentration operations subject to mandatory prior notification.

The **Industrial Development Plan of Angola for the horizon 2025 (PDIA 2025)** plans to mobilize, in four years, a value of US \$ 120 million to relaunch the industry, fundamentally the domestic production of goods in the basic basket. The PDIA brings together the public policy guidelines considered necessary to achieve the objectives established at national level for the sector of the Manufacturing Industry. The Industrial Development Program of Angola (PDIA) aims, until 2025, at a sustained growth of the weight of the manufacturing industry in the Gross Domestic Product (GDP) to more than 9% in 2025, an increase of 2.4% of the base value in 2017.

ECONOMIC DEVELOPMENT IN ANGOLA- LAWS AND REGULATIONS

Foreign Exchange Transactions on Import and Exports :

Through Order No. 4/21, of 14 April 2021, which will enter into force on 14 May 2021, the BNA established the rules and procedures to be observed when carrying out foreign exchange transactions for the settlement of the importation and exportation of goods (excluding oil and diamond sectors) in the Republic of Angola, repealing earlier Orders.



The operations covered by the Order are exempt from licensing by the BNA, and banking financial institutions may settle, without BNA authorization, any operation involving the importation of goods, regardless of the time elapsed between the date of the unloading of the goods and the relevant payment. The Order also expressly states that banks are required to comply with the duties provided for in the Law on Preventing and Combating Money-Laundering, the Financing of Terrorism, and the Proliferation of Weapons of Mass Destruction, prior to carrying out any foreign exchange operation.

All foreign exchange transactions carried out under the Order must be registered with SINOC, at the moment of their contracting. The Order determines which payment methods are permitted in the case of the importation of goods and which documents must be submitted to the relevant commercial bank. Also established are mechanisms to control the entry of goods into the country in the event of advance payments, and the requirement that importers, who are also exporters, use foreign currency derived from exports to pay for imports.

In addition, the Order determines which payment methods must be used in the case of the exportation of goods, and the obligation of the intermediary banking financial institution to issue a payment-commitment statement. All export revenues must be transferred to the exporter's foreign currency account, opened with a Banking Financial Institution domiciled in the country. Finally, the Order sets out the rules for the payment of compensation for irregular exportations.



IMF expects 3.2 percent growth in 2021: The Director of the African Department of the International Monetary Fund (IMF), Abebe Aemro Selassie, praised the Angolan government for implementing the right policies to fight the Covid-19 pandemic. According to IMF, Angola is expected to recover from the 4 per cent economic recession in 2020, with a projected growth rate of 3.2 per cent this year and also improving the 2.8 per cent budget deficit to 0.1 percent in 2021.

OTHER INVESTMENTS INTO ANGOLA

Angola's net direct investment is US \$ 2 billion in 2020: Angola's net direct investment registered a value of US \$ 2 billion in Q2 of 2020, against 413.8 million in the previous quarter. The foreign direct investment flows that entered the country were mainly from the Petroleum sector, representing around 96 percent of the total value mainly from the United States of America (USA), France, United Kingdom, China, Italy and Norway stand out. For the non-oil sector, the main investor countries were the USA, South Africa, Spain, Russia and Germany.



Sun Africa starts production of photovoltaic energy systems and batteries in Angola: The American Company Sun Africa starts the construction of photovoltaic energy systems and batteries in Angola, which will produce 370 megawatts peak (MWp), in seven plants. The megaproject, budgeted at 524 million Euro, will be completed in the third quarter of 2022, to produce, at its Central do Biópio (Benguela province), 188.88 megawatts. The financing of the megaproject is the responsibility of SEK (Swedish export promotion agency), with guarantees from the Swedish Export Credit Agency (EKN).



North American consortium wins Soyo Refinery project: The Quanten Consortium, made up of three North American companies (Quanten LLC, TGT Inc and Aurum & Sharp LCC) and an Angolan one (Atis-Nebest), plans to invest US \$ 3.5 billion in the construction of the Soyo Refinery, in Zaire province. Earlier, Ministry of Mineral Resources, Oil and Gas, announced that the tender for the Soyo Refinery project was awarded to the Quanten Consortium with a total of 31.5 points followed by the CMEC Consortia and Gemcorp, with 30.9 and 29.9 points, respectively.

Trade Balance of Angola records a positive balance of around 2.07 billion kwanzas: Trade Balance of Angola recorded a positive balance of around 2.07 billion kwanzas, as a result of the behavior of the price of oil, the main export product in the country. As compared to the same period in 2019, the total value of exports registered a decrease in 7.8 percent whereas imports increased by 19.3 percent. The main export partners, were China with 60.6 percent, United Arab Emirates (7.7), India (7.1), Taiwan (4, 7) and Italy with 3.3 percent of the total value. The main import partners in this period were China with 18.7 percent, Portugal (12.5), United States of America (7.9), India (6.0) and the United Kingdom with 4.9 percent of the total value. The country's Balance of Payments closed the 2020 financial year with a positive balance of US 1.7 billion dollars in its current account, representing 2.9 percent of the Gross Domestic Product (GDP) despite sharp drop in production and the average price of a barrel of oil and consequently the reduction in the value of goods exports by 40 percent, as compared to 2019.

EMBASSY ACTIVITIES/ INITIATIVES



Made in India Covishield vaccines arrives under COVAX in Angola: The shipment of First batch of Made in India Covid 19 vaccines i.e.#covishield to Angola, arrived in Luanda on March 02. A total number of 624000 vaccines were received by H.E Silvia Lutucuta, Minister of Health, Republic of Angola in the presence of H.E Ms Pratibha Parkar, Ambassador of the Republic of India and other dignitaries. The vaccines were manufactured by the Serum Institute of India (SII) and are part of the supplies to Africa under Covax facility.



Meeting with H.E. Maria Da Piedade, Secy of State of Culture: Ambassador Pratibha Parkar, met H.E Maria Da Piedade De Jesus, Secretary of State for Culture on March 01 and discussed ways to strengthen cultural ties between India and Angola.

She was received by Mr. Victor Silva, CEO of Jornal de Angola, the leading Newspaper of Angola on March 04. Discussions were held to strengthen media and press relations.



Meeting with H.E. Manual Homem, Minister of Telecommunications, IT and SC: H.E. Amb Pratibha Parkar met H.E. Mr. Manuel Homem, Minister of Telecommunications, Information, Technologies and Social Communication of the Republic of Angola and reviewed bilateral cooperation in the areas of IT and Telecom. Both sides agreed that there exists potential for further cooperation in this sector including in the areas of e-Governance, Space and capacity building.



Virtual Meeting between GJEPC, Indian Companies and ENDIAMA: The Embassy organized a virtual meeting between GJEPC, Indian Companies and ENDIAMA- State-owned National Diamond Company of Angola on the Business opportunities in the Diamond and Mining Sector. Mr. Aditya Vats, Second Secretary highlighted the immense potential that exists in the sector for increasing bilateral trade and investment. Mr. Sabyasachi Ray, Executive Director, GJEPC highlighted India's policies and appreciated the efforts being made for bringing businesses closer to each other in the diamond and mining sector.

EMBASSY ACTIVITIES/ INITIATIVES



Meeting with Consultant to the President of the Republic of Angola: H.E. Ambassador Ms. Pratibha Parkar met Ms. Adjany da Silva Freitas Costa, Consultant to the President of the Republic of Angola and had a fruitful discussion on environment related topics.



Meeting with Minister of Culture, Tourism and Environment: Moving ahead with intensifying cooperation agenda, H.E. Pratibha Parkar, Ambassador met with H.E. JOMO FORTUNATO, Minister of Culture, Tourism and Environment and discussed wide ranges of issues concerning bilateral cooperation in the areas of Culture, Tourism and Environment



International Women's Day in Angola: Ambassador HE Mrs Pratibha Parkar joined the launch of Women's India- Angola Business Council organized by the WICCI (Women's Indian Chamber of Commerce and Industry), which aims to bring the business women of both countries together for the benefit of both nations. The celebrations of International Womens Day were done virtually on 8th March with a Quiz and performances by Angolan and Indian women. In her remarks, Amb highlighted the twin role of women in building the society and running the family and encouraged the participants for helping



India@75 — Launch of 'Little Guru' Sanskrit Learning App: To commemorate India@75, H.E. Mrs Pratibha Parkar, Ambassador launched 'Little Guru', an app to learn Sanskrit at an event in Luanda and invited the participants to use and promote this gamified app for learning the world's oldest language.

INDIA@75 - LAUNCHING OF INDIA'S 75 YEARS OF INDEPENDENCE SOCIAL DONATION AND EYE TESTING CAMP AT MEDiateca



The Embassy of India in cooperation with the Indian Community in Angola launched India@75 celebrations, Azadi ka #AmritMahotsav with the Social Donation and Medical Camp on 18th March, 2021 at the Mediateca Library Cazenga to commemorate the 75th Anniversary of India's Independence.



The Social Donation and Medical Camp was inaugurated by H.E. Ambassador Pratibha Parkar and H.E Mrs. Joana Lina, Governor of the Province of Luanda, along with Mr. Tomas Bica, Administrator of Cazenga inaugurated the event. The camp was well covered in local media who appreciated India for the philanthropic gesture towards celebrating its 75 years of independence.



Donations of food provisions, school supplies, cleaning and biosafety material, medicines, water storage tank, water purifiers, clothing, footwear etc. were distributed to the Child care centres of Mama Madalena, Don Bosco Center and the Municipality hospital of Cazenga.



SOCIAL DONATION AND EYE TESTING CAMP AT MEDIALTECA LIBRARY, CAZENGA

The Embassy donated school material, food provisions and medical supplies including Bags of bean food, maize meal bags, bags of rice, sugar, salt, boxes of cooking oil, foot wears, big writing copies, colouring books, pencils, small boxes of pens, colouring pencils, gloves, masks, sanitizer, toilet paper rolls, detergent, etc.

The Indian Community came out in large numbers to donate food items, daily provisions and medical supplies for the cause of the needy. The following companies donated their supplies:

Great Ganesha Angola, Mafcom Angola, Sh. Anup Gulati, Sh. Sunil Sharma, UNICA Farma LDA, Shalina Health care, Anjani food & Beverages Ida, Sh. Sridhar, Flotek, FABRIMETAL and Afrisaude.

Flotek a prominent Indian company in Angola manufacturing Plastic tanks, PVC and packaging material donated 20000 ltrs water tank for fulfilling the water requirements of the children and staff at the Mama Madalena center.



Great Ganesha Angola took repairs and painting work of the Mama Madalena Centre.

