ANGOLA OVERVIEW

ECONOMIC OUTLOOK
2013

PLMJ
INTERNATIONAL
LEGAL NETWORK

MEMBER OFFICES **ANGOLA • BRAZIL • CAPE VERDE • CHINA**
EAST TIMOR • MACAO • MOZAMBIQUE • PORTUGAL

GLA
GABINETE LEGAL ANGOLA
ADVOGADOS

CHARACTERISATION AND PRINCIPAL ECONOMIC DATA[1]

AREA
1 246 700 KM²

POPULATION
20.1 MILLION INHABITANTS

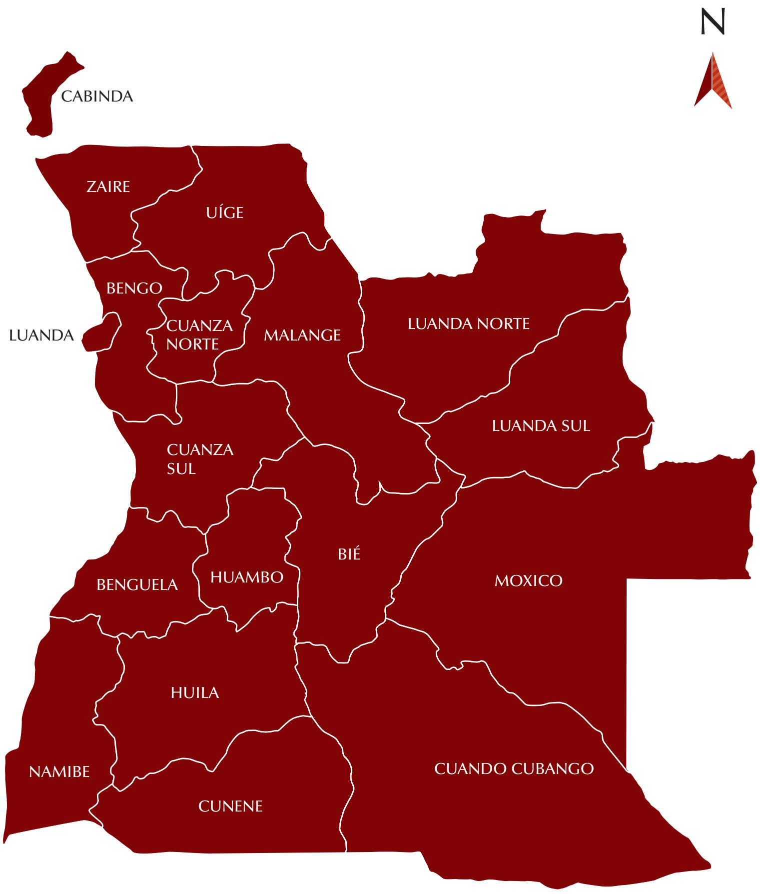
POPULATION DENSITY
16.1 PEOPLE/KM²

CAPITAL
LUANDA - 4.5 MILLION INHABITANTS

IMPORTANT CITIES
LUBANGO (1011 THOUSAND INHABITANTS)
HUAMBO (904 THOUSAND)
LOBITO (737 THOUSAND)
BENGUELA (469 THOUSAND)
CABINDA (399 THOUSAND)

CURRENCY
KWANZA DE ANGOLA (AOA)
1 EUR = 125.31 AOA
(BDP - FEBRUARY 2013)
1 USD = 95.97 AOA (XE.COM)

OFFICIAL NAME:
THE REPUBLIC OF ANGOLA



Country Risk: General risk: B
Country risk: Political risk: B
(AAA = lower risk; D = higher risk)
Country risk: credit risk: 5
(1 = lower risk; 7 = higher risk)
Degree of openness and size relative to the market: Exp. + Imp. / GDP = 81.6% (2010)
Imp. / GDP = 20.2% (2010)
Imp. / Worldwide Imp. = 0.14% (2010)[1]

[1] Sources: The Economist Intelligence Unit (EIU); World Trade Organization (OMC), Bank of Portugal, AICEP and World Bank.
[2] COSEC – Insurance and Credit Company.

CHARACTERISATION AND PRINCIPAL ECONOMIC DATA

OFFICIAL LANGUAGE
PORTUGUESE

OTHER LANGUAGES SPOKEN
UMBUNDU, KIMBUNDU, KIKONGO, CHOKWE, KWANYANA

MAJORITY RELIGION
CHRISTIAN

INTERNET TLD
.AO

CALLING CODE
+244

TIME ZONE
GMT + 1 HOUR

DATE OF INDEPENDENCE
11 NOVEMBER 1975

POLITICAL SYSTEM
PRESIDENTIAL REPUBLIC

PRESIDENT:
JOSÉ EDUARDO DOS SANTOS
(since September 1979, re-elected in 2012)

VICE-PRESIDENT:
MANUEL DOMINGOS VICENTE
(since September de 2012)

DATE OF CURRENT CONSTITUTION:
SIGNED INTO LAW BY THE PRESIDENT ON 5 FEBRUARY 2010

MAIN OPPOSITION PARTIES:
UNITA – National Union for the Independence of Angola
CASA-CE – Broad Convergence for the Salvation of Angola – Electoral Coalition
PRS – Social Renewal Party
FNLA – National Front for the Liberation of Angola

PUBLIC HOLIDAYS 2013

DATE	HOLIDAY
1 January	International Day World Fraternity
4 February	Armed Struggle for National Liberation
12 February	Carnival
8 March	International Women's Day
29 March	Good Friday
31 March	Easter
4 April	Peace Day
1 May	International Workers Day
17 September	Day of the Founder of the Nation and National Hero
2 November	Day of the Dead
11 November	National Independence Day
25 December	Christmas

2013 GDP (10^9 AOA)
13 841

2013 RATE OF INFLATION (AVERAGE)
9.6%

2013 IMF GROWTH RATE FORECAST
8.4%

PRINCIPAL MACROECONOMIC INDICATORS

INDICATORS	UNIT	2012 (Estimate)	2013 (Forecast)	2014 (Forecast)
GDP at market prices	109 AOA	11801	13841	16042
GDP at market prices	109 USD	123.4	145.0	170.1
GDP per capita	USD	6120	7000	7990
Real growth in GDP	%	8.0	7.0	6.2
Private consumption	% change	5.5	5.5	6.3
Public consumption	% change	7.5	6.0	7.0
Rate of inflation (average)	%	11.3	9.6	8.5
Current Balance	106 USD	20199	17292	19168
Current Balance	% of GDP	16.4	11.9	11.3
Public Debt	% of GDP	16.9	15.7	13.5
External Debt	% of GDP	16.1	13.7	11.8
Lending rate (average)	%	16.6	14.5	14.0

Source: Economist Intelligence Unit (March 2013)

ANGOLA AND THE WORLD

TRADE

The Angolan balance of trade shows a high positive balance and this increased continuously over the period 2005-2008.

This situation results mainly from the export of oil which represents around 96% of total external sales.

It is a large exporter in the context of sub-Saharan Africa and on the world level, Angola was in 51st place in 2010, the equivalent of 0.4% of world exports. As an importer, the country was in 69th place in the world ranking, which translates into 0.1% of total imports.

Exports are dominated by oil and its prices and strong production will continue. It is also hoped that the export of natural gas will take on great significance in Angola's trade with the rest of the world.

PRINCIPAL EXPORTS	% OF TOTAL	PRINCIPAL IMPORTS	% OF TOTAL
Fuel and mineral oils	98.9	Mechanical machinery and equipment	16.6
Precious stones and metals	0.8	Electrical machinery and appliances	8.7
Mechanical machinery and equipment	0.1	Cast iron or steel products	7.0
Salt, sulphur, earth and stone	0.1	Motor vehicles and parts	6.0

Sources: International Trade Centre

OIL
REPRESENTS 98% OF TOTAL SALES TO THE EXTERIOR AND 47% OF GDP

98.9% PRINCIPAL EXPORT
FUELS AND MINERAL OILS

16.6% PRINCIPAL IMPORT
MACHINERY AND MECHANICAL EQUIPMENT

42.0% PRINCIPAL CLIENT
CHINA

21.4% PRINCIPAL SUPPLIER
PORTUGAL

ECONOMIC OUTLOOK FOR 2013

PRINCIPAL CLIENTS	% OF TOTAL	PRINCIPAL SUPPLIERS	% OF TOTAL
1 China	42.0	1 Portugal	21.4
2 USA	23.3	2 China	18.3
3 Taiwan	9.5	3 USA	9.9
4 Canada	4.2	4 Brazil	7.1
7 Portugal	2.8	5 France	5.4

Sources: International Trade Centre

PRINCIPAL ECONOMIC INDICATORS

	2012 (Estimate)	2013 (Forecast)	2014 (Forecast)
Population (M)	20.1	20.7	21.3
GDP per capita (USD)	6120	7000	7990

Source: E.I.V.

GROSS DOMESTIC PRODUCT

	2012 (Estimate)	2013 (Forecast)	2014 (Forecast)
GDP (thousand million AOA)	11762	13876	16001
GDP (thousand million USD)	123.3	145.4	169.6
GDP (% change)	8.0	8.3	5.9

Source: IMF

ECONOMIC RELATIONS WITH PORTUGAL

TRADE IN GOODS

BALANCE OF TRADE (10^3 euros)	2007	2008	2009	2010	2011	% change 07/11	2011 Jan/Apr	2012 Jan/Apr	% change 11/12
Exports	1684325	2261264	2242450	1914833	2335457	10.2	634054	819894	29.3
Imports	369378	407996	151089	563452	1177486	82.3	208123	575902	176.7
Balance	1314947	1853268	2091361	1351381	1157971	--	425931	243992	--
Coefficient (%)	456.0	554.2	1484.2	339.8	198.3	--	304.7	142.4	--

Sources: INE - National Institute of Statistics
Unit: Thousands of euros

Notes:
[a] Mathematical average of annual growth rates in the period 2007-2011
[b] Rate of change 2007 to 2009: result

2012 TRADE

ANGOLA IS IN 4TH POSITION ON THE LIST OF PORTUGAL'S CLIENTS

PORTUGAL'S POSITION AND SHARE (TRADE)	UNIT	2008	2009	2010	2011	2012 Jan/Apr
Angola as a client of Portugal	Position	4	4	5	4	4
	% Exports	5.82	7.07	5.21	5.51	5.47
Angola as a supplier of Portugal	Position	21	36	15	11	7
	% Exports	0.64	0.29	0.99	2.04	3.10

Source: ITC - International Trade Centre

2012 SERVICES

ANGOLA IS IN 5TH POSITION ON THE LIST OF PORTUGAL'S CLIENTS

PORTUGAL'S POSITION AND SHARE (TRADE)	UNIT	2008	2009	2010	2011	2012 Jan/Apr
Angola as a client of Portugal	Position	8	7	7	5	5
	% Exports	3.83	4.20	4.64	5.66	8.31
Angola as a supplier of Portugal	Position	12	12	12	12	12
	% Exports	1.12	1.32	1.17	1.18	1.44

IN NON-OIL ACTIVITIES INTEREST IS FOCUSED ON REHABILITATION OF INFRASTRUCTURES.

IN 2010 THE COUNTRY WAS IN 25TH PLACE IN THE WORLD RANKING OF RECEIVERS OF FDI (0.9% OF THE WORLD TOTAL).

1.8 MILLION
PRODUCTION OF BARRELS PER DAY

STATE BUDGET 2013 GROWTH OF 7.1%

IN
2013
THE RECOVERY AND DEVELOPMENT OF THE NON-OIL SECTOR WAS AN ALTERNATIVE MOTOR FOR GROWTH

FOREIGN INVESTMENT

The attraction of Angola for foreign investors comes principally from the country's riches in oil and other natural resources and foreign investment is involved in a range of sectors related to oil. In non-oil activities, interest is in the rehabilitation of infrastructures and this is expected to intensify in the near future.

Foreign direct investment (FDI) has been playing an increasingly important role in the Angolan economy.

According to the World Investment Report published by UNCTAD, Angola is much more important on the world level as a receiver of FDI that it is as an investor. In 2010 the country was in 25th place in the world ranking as a receiver of FDI (0.9% of the world total) among 233 countries and it occupied 52nd place among investor countries (0.1% of the world total).

(10^6 USD)	2007	2008	2009	2010	2011
Foreign investment in Angola	9796	16581	11672	9942	12565
Angolan investment abroad	912	2570	8	1163	1250
Position in world ranking					
As receiver	39	20	28	25	n.a.
As investor	60	44	105	52	n.a.

Source: UNCTAD - World investment Report 2011 and E.I.U.

FORECAST[3]

ACCORDING TO THE IMF:

The latest data made available by the IMF indicates that in 2012 there was a growth in GDP of 6.8% in contrast to the 9.7% that had been expected. The justification is related to a number of factors such as weather conditions which caused a period of drought that affected all agricultural production. External factors such as the worsening of the financial crisis in Europe and stagnation in US growth also had an impact on this number.

For 2013 the IMF expects to see growth to 5.5%. The basis of this growth is the oil sector where it is expected that production will reach 1.8 million barrels a day or, in other words, 200 thousand barrels more than the year before. As to non-oil GDP continuity is expected in the construction, energy and transport sectors as the principle motors of growth.

ACCORDING TO THE GOVERNMENT:

The general state budget for 2013 approved in the Angolan parliament in February of this year predicts real growth in GDP to 7.1% and the oil sector will play an important role in this. The government made it clear that this sector will contribute half of the budget's expected revenue. The non-oil sector and financing come next with 17% and 12% of revenue respectively.

Last year saw growth of 4.3% in the oil sector and 9.1% in the non-oil sector. For 2013, the government expects to see continued growth in both these sectors. Oil should grow 6.1% and non-oil, 7.3%.

[3] Sources: IMF and the Government of Angola

RE-LAUNCH OF SECTORS OUTSIDE THE OIL AND DIAMOND INDUSTRIES

PROGRAMMES

VARIOUS AREAS OF ACTIVITY
AGRICULTURE
RURAL DEVELOPMENT
SOCIAL HOUSING
URBAN RENEWAL
INFRASTRUCTURES AND MANUFACTURING INDUSTRY

OPPORTUNITIES[4]

Despite the fact that the peace process has created basic conditions to bring normality back to economic activity in the country (making internal mobility possible and fostering commercial activity and investment), the lack of physical infrastructures and human resources continues to restrict the economic evolution of the country.

In light of this situation and to continue with the work it has been doing, the main challenge for the Angolan Government is to re-launch the sectors that lie outside the oil and diamond industries in order to increase internal supply and diversify exports, creating employment and reducing poverty.

A number of programmes were also approved that cover various areas of activity such as agriculture and rural development, social housing, urban renewal, infrastructures and manufacturing industry

OBJECTIVES

1 - INCREASE INTERNAL SUPPLY
2 - DIVERSIFY EXPORTS
3 - CREATE EMPLOYMENT
4 - REDUCE POVERTY

[4] Source: Article the numbers for 2011, Expansão, 7 January.

SUMMARY OF THE ANGOLAN STATE BUDGET FOR 2013[5]

- The document to guide spending in Angola for 2013 was prepared in order to achieve growth of 7.1% of GDP and a rate of inflation of 9%.
- The oil sector contributed 50% to the budget this year.
- The non-oil sector contributed 17% to the budget this year and external financing brought in 12%.
- The budget gives priority to the social sector giving it around 33.5% of total resources (10.3% for social protection, 8.09% for education, 7.02% for housing 5.29% for health and 1.1% for environmental protection).
- In second place is public administration with 23.6% and this is followed by the defence and economic sector taking up 18% of resources.
- There will be support for the expansion of the economic and social infrastructures necessary to increase production, employment and the well-being of the population.
- Improvement in the quality of life of the population, involving the youth actively in life, developing the private sector and getting Angola to compete on an international level are the other major objective being pursued by this year's budget.

GOVERNMENT OF ANGOLA

- **Government of Angola**
  http://www.governo.gov.ao
- **The Economist Intelligence (EIU)**
  http://www.country.eiu.com
- **World Trade Organization (WTO)**
  http://www.wto.org
- **Banco Nacional de Angola**
  http://www.bna.ao
- **National Institute of Statistics de Angola**
  http://www.ine-ao.com
- **AICEP - Agência para o Investimento and Comércio Externo de Portugal**
  http://www.portugalglobal.pt/PT/Paginas/index.aspx
- **IMF - International Monetary Fund**
  http://www.imf.org/external/index.html
- **National Institute of Statistics**
  http://www.ine.pt
- **Banco de Portugal**
  http://www.bportugal.pt
- **World Bank**
  http://www.worldbank.org
- **International Trade Center**
  http://www.intracen.org

[5] Source: PANAPRESS

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ADVOGADOS

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