



ANGOLA OVERVIEW

ECONOMIC OUTLOOK
FOR 2011

DESCRIPTION AND IMPORTANT ECONOMIC DATA¹

AREA
1.246.700 KM²

POPULATION
18.5 MILLION INHABITANTS

LANGUAGE
THE OFFICIAL LANGUAGE IS PORTUGUESE BUT A NUMBER OF AFRICAN DIALECTS ARE SPOKEN

CAPITAL
LUANDA - 4.5 MILLION INHABITANTS (ESTIMATE 2010 (EIU/WORLD GAZETTEER))

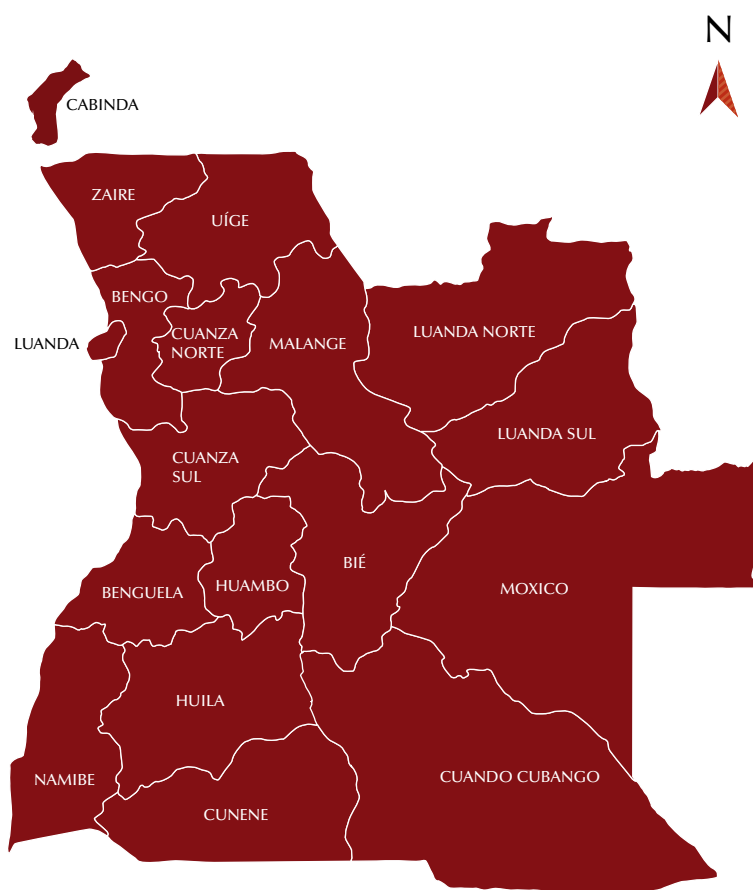
OTHER IMPORTANT CITIES

CABINDA (358 MIL INHABITANTS); HUAMBO (325 MIL); LUBANGO (245 MIL); LOBITO (142MIL); BENGUELA (128 MIL).

UNIT OF CURRENCY

ANGOLAN KWANZA (AOA)
1 EUR = 114.2505 AOA (BANK OF PORTUGAL - MAY 2010)
1 USD = 92.28 AOA (EIU PREVISION 2010)

OFFICIAL NAME:
THE REPUBLIC OF ANGOLA



Country Risk: Political Risk – B (AAA = lesser risk; D = greater risk)
Openness and dimension relative to the market: Exp. + Imp. / GDP = 68.0% (2009)
Imp. / GDP = 19,0% (2009)
Imp. / Worldwide Imp. = 0,12% (2008)¹

¹ Sources: The Economist Intelligence Unit (EIU); Organização Mundial de Comércio (OMC), Banco de Portugal and COSEC – Companhia de Seguros de Crédito.

17.3
POPULATION
2009 

2011
GDP (THOUSAND MILLION KWZ)
8392.2

GDP
OIL & GAS

57.9	2008
45.6	2009
47.3	2010 P
42.1	2011 P

GDP
COMMERCE

17.9	2008
21.2	2009
20.3	2010 P
21.8	2011 P

7.5%
IMF PREVISION
2011

2010
2011
2012

PRINCIPAL ECONOMIC INDICATORS

	2006	2007	2008	2009
Population	15.9	16.3	16.8	17.3
GDP <i>per capita</i>	2847	3629	5054	3972

Source: IMF, EPI

GROSS DOMESTIC PRODUCT

	2008	2009	2010 P	2011 P
GDP (thousand million KWZ)	6316.2	5988.7	7445.7	8392.2
GDP (thousand million USD)	84.1	75.6	81.0	91.3
GDP (% real growth rate)	13.8	2.4	4.5	7.6
Oil	12.3	-5.1	2.7	2.3
Non-Oil	15	8.3	5.7	11.2
Composition of GDP (by sector)	100.0	100.0	100.0	100.0
Agriculture, Forestry and Fisheries	6.8	10.4	11.0	12.2
Oil & Gas	57.9	45.6	47.3	42.1
Diamonds	1.1	1.1	1.1	1.0
Manufacturing	4.9	6.2	6.5	8.1
Electricity & Water	0.1	0.1	0.1	0.2
Construction	5.2	7.7	6.2	6.4
Commerce	17.9	21.2	20.3	21.8
Non-transferable services	6.1	7.8	7.4	8.3

Source: Ministry of Finance

PREVISIONS FOR ANGOLAN GROWTH (REAL GROWTH RATE OF GDP, %)

	2010	2011	2012
BPI (Jan 11)	2.3	6.9	-
OGE 2011	4.5	7.6	15.5
IMF (Nov 10)	2.5	7.5	6.3
World Bank (Jan 10)	6.5	-	-
EIU (Jan 11)	2.9	7.3	8.5

Source: Report on Economic and Financial Studies, BPI, January 2011.

ANGOLA AND THE WORLD

OIL

REPRESENT AROUND 96% OF GLOBAL EXTERNAL SALES

GAS NATURAL

EXPORT OF NATURAL GAS WILL BECOME AN IMPORTANT FACTOR IN TRADE

95.5% MAIN EXPORT

CRUDE OIL

58.9% MAIN IMPORT

CONSUMER GOODS

33.9% MAIN CLIENT

CHINA

18% MAIN SUPPLIER

PORTUGAL

TRADE

The Angolan balance of trade has a high positive balance which increased continually over the period 2005-2008.

This situation results mainly from oil exports which represent around 96% of global external sales. Angola is a great exporter in the context of Sub-Saharan Africa and, on a global level, the country occupied 46th place in 2008, equivalent to 0.4% of world exports.

As an importer, the country is in 72nd place in the world ranking and this translates into 0.1% of total imports.

Exports are dominated by oil and its strong prices and production levels will be maintained, with Angola's production capacity at this level still below its potential.

It is also hoped that the export of natural gas will become an important factor in trade between Angola and the rest of the world.

MAIN EXPORTS	% OF THE TOTAL	MAIN IMPORTS	% OF THE TOTAL
Crude Oil	95.5	Consumer Goods	58.9
Diamonds	2.1	Capital Goods	28.9
Refined Oil	0.7	Intermediate Goods	12.2
Gas Natural	0.7		

Sources: The Economist Intelligence Unit (EIU)

MAIN CLIENTS	% OF THE TOTAL	MAIN SUPPLIERS	% OF THE TOTAL
China	33.9	Portugal	18
USA	24.5	China	16.8
France	8.3	Brazil	11
Brazil	6.0	USA	8.2

Sources: The Economist Intelligence Unit (EIU)

ECONOMIC RELATIONSHIP WITH PORTUGAL

TRADE IN GOODS

BALANCE OF TRADE	2005	2006	2007	2008	2009	Var % ^a 05/09	2009 Jan/Oct	2010 Jan/Oct	Var % ^b 09/10
Exports	803.029	1.210.189	1.684.325	2.261.264	2.242.450	30,8	1.872.132	1.522.911	-18,7
Imports	25.130	52.749	369.378	407.996	151.089	164,4	51.509	505.487	881,4
Balance	777.899	1.157.440	1.314.947	1.853.268	2.091.361	--	1.820.623	1.017.424	--
Coefficient	3195,4%	2294,2%	456,0%	554,2%	1484,2%	--	3634,6%	301,3%	--

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

Notes:

^(a) Arithmetical average of annual growth rates for the period 2005-2009

^(b) Corresponding rate of change

PORTUGAL'S POSITION AND SHARE	UNIT.	2005	2006	2007	2008	2009
Portugal as a client of Angola	Position	18	17	12	15	16
	% Angola Exports	0,14	0,21	1,26	0,89	0,53
Portugal as a supplier to Angola	Position	2	2	1	1	1
	% Angola Exports	12,87	14,30	18,69	16,45	19,64

Source: ITC - International Trade Centre

ECONOMIC OPERATORS	UNIT.	2005	2006	2007	2008	2009
Exporters to Angola	No. Of Portuguese Companies	7.818	9.428	9.749	10.130	7.875
Importers from Angola		121	131	139	167	130

Source: INE - National Institute of Statistics

FOREIGN INVESTMENT

For foreign investors, the attraction of Angola is, for the most part, due to its wealth in oil and other natural resources and foreign investments are targeted on a number of oil-related sectors.

In non-oil activities, interest is focused on rehabilitation of infrastructures and much intensification is expected in the near future.

Foreign direct investment (FDI) has started to play a role of growing importance in the Angolan economy.

According to the World Investment Report published by UNCTAD, Angola is considerably more important on a world level as a recipient of FDI than as an outward investor.

In 2008 the country was ranked 25th in the world as a recipient of FDI (0.9% of the world total) from among 233 countries, and occupies the 41st position among the group of outward investor countries (0.1% of the world total).

DIRECT INVESTMENT (10 ⁶ USD)	2004	2005	2006	2007	2008
Foreign investment in Angola	5.606	6.794	9.064	9.796	15.548
Angolan investment abroad	35	221	194	912	2.570
World ranking					
As recipient	25 ^a	33 ^a	31 ^a	38 ^a	25 ^a
As outward investor	75 ^a	63 ^a	72 ^a	61 ^a	41 ^a

Source: UNCTAD - World investment Report 2009

2009

NO. OF PORTUGUESE COMPANIES EXPORTERS TO ANGOLA

7.875

IN NON-OIL ACTIVITIES, INTEREST IS FOCUSED ON REHABILITATION OF INFRASTRUCTURES AND MUCH INTENSIFICATION IS EXPECTED IN THE NEAR FUTURE.

IN 2008 THE COUNTRY WAS RANKED 25TH IN THE WORLD AS A RECIPIENT OF FDI (0.9% OF THE WORLD TOTAL)

THE FUND PREDICTS
REAL GROWTH IN THE
ECONOMY OF 7.5%

2 MILLION
BARRELS PRODUCTION
PER DAY

THE REAL RATE OF GROWTH
OF THE GDP SHOULD RETURN
TO TWO-DIGIT GROWTH
RATES IN 2012

IN
2011
RECOVERY AND DEVELOPMENT
NON-OIL SECTOR,
ALTERNATIVE CATALYST FOR
GROWTH

FORECAST²

ACCORDING TO THE IMF:

Production constraints in the oil sector and fiscal spending restraint slowed activity down greatly in 2010. In 2011, the Fund predicts real growth in the economy of 7.5%. This is still dependent to a large extent on the oil sector which should grow by 6.1% (as against the government forecast of 2.3%). This is justified by the Fund's belief that the average production level should pass the barrier of 2 mbd, approaching the maximum capacity of potential production. On the other hand, according to the IMF, the non-oil sector should accelerate by around 8.8% but in a more moderate way than that forecast by the government.

ACCORDING TO THE GOVERNMENT:

According to the outline of the general state budget for 2011 (GSB 2011), the economy grew by 4.5% in 2010 and in 2011 the real rate of growth of the GDP should accelerate to 7.6% and return to two-digit growth rates in 2012.

In particular, the performance in 2010 reflects a recovery in GDP in the oil sector (2.7%). However, equally significant is the performance of the non-oil sector (5.7%). Even though this sector presented a deceleration with regard to 2009 - as a result of the disinvestment put into practice in the context of the policy of fiscal restraint and the impact on the activity of the State's debts to private foreign capital companies - over the next few years it should continue to affirm itself gradually as an alternative in terms of being a motor for growth.

From 2008 to 2009, the weight of the oil sector in the nominal GDP went down from 58% to 45.6% and, in accordance with Government provisions, it should reach a value of 42.1% in 2011. This evolution is occurring as a counterbalance to the increase in weight of the agriculture, manufacturing and commercial services sectors. This reflects the strategy of diversification of the economy and the focus on sectors to substitute imports.

GENERAL PERSPECTIVE: 2011 – A YEAR OF CONSOLIDATION³

2011 is seen as the year of consolidation of the economic recovery witnessed throughout 2010. For this year the Angolan Government predicts growth of 7.6% and the IMF of 7.5%. This means that the country will again see above average growth rates for this region.

A contribution to this situation has been the recovery of the oil sector but particularly the recovery and development of the non-oil sector, which became an alternative catalyst for growth in 2011. On the basis of the vision of different institutions, Angola will see the greatest progress in the

SADC region and the fourth largest in Africa including North Africa.

In terms of fiscal policy, there are signs of a recovery in income, though one still very dependent on the oil industry. In terms of spending, there has been an attempt at restraint and a stabilisation of the level of spending in terms of GDP is expected in 2010.

The 2010 budget balance fell short of the government's own forecast and ended the year with a deficit of 2%. Although a recovery is expected during 2011 with a positive balance expected at 1.9%, fiscal income will

² Source: Report on Economic and Financial Studies, BPI, January 2011.

³ Source: Report on Economic and Financial, BPI, January 2011.

2010

INFLATION ENDED
AT 15.31%

ANGOLA BVDA – THE STOCK
AND DERIVATIVES MARKET
THAT HAS ALREADY BEEN
ANNOUNCED

PHYSICAL INFRASTRUCTURE
AND HUMAN RESOURCES
CONTINUE TO INFORM THE
EVOLUTION OF THE COUNTRY'S
ECONOMY

RE-LAUNCH SECTORS
OUTSIDE THE OIL AND
DIAMOND INDUSTRIES

PROGRAMMES

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

continue to be very vulnerable to the behaviour of oil in the international markets.

Inflation ended 2010 at 15.31%, above the level of 13% set by the government and with few prospects of reaching the 12% set for 2011. For this it would be necessary to reduce dependence on imported goods in a short space of time and/or to benefit from a scenario in which the exchange rate is more favourable.

The country will also have to overcome structural issues related to the import and clearance of goods at customs. There is a risk that, in the context of a more disciplined fiscal policy, the government will impose new cuts to subsidies during the year with direct implications for the behaviour of prices.

Significant upheaval is expected in the financial sector with the launch of the Angola BVDA – the Stock and Derivatives Market – that has already

been announced. When this happens, it may be one of the milestones of 2011 in this area.

Among the more relevant rankings is the World Bank's Doing Business, which measures how easy it is to do business and places Angola in the distance 163rd place. On top of this, in the chapter on business environment, the country's capital Luanda was considered to be the most expensive city in the world for the third consecutive year. This shows the great distance still to be travelled towards improving these positions which doubtless have an impact on how the country is seen from abroad.

Finally, the World Investment Report prepared by the United Nations places Angola among the frontrunners of the developing economies in terms of foreign direct investment in the country (above 10 thousand million USD).

OPPORTUNITIES⁴

Despite the fact that the peace process has created the basic conditions to bring more normality to economic activity in the country (facilitating internal mobility, fostering commercial activity and investment), the lack of physical infrastructure and human resources continue to inform the evolution of the country's economy.

In face of this situation and giving continuity to the work that has already been done, the principle challenge for the Angolan government is to

re-launch sectors outside the oil and diamond industries so as to increase internal supply, bring more diversity to exports, create employment and reduce poverty.

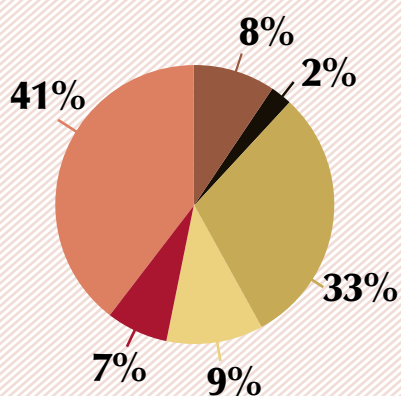
A number of programmes were also approved that cover various areas of activity such as agriculture and rural development, social housing, urban rehabilitation, infrastructures and manufacturing industry.

OBJECTIVES

- 1 - INCREASE INTERNAL SUPPLY
- 2 - BRING MORE DIVERSITY TO EXPORTS
- 3 - CREATE EMPLOYMENT
- 4 - REDUCE POVERTY

⁴Source: Article the numbers of 2011, Expansão, 7 January.

SUMMARY OF THE ANGOLAN STATE BUDGET FOR 2011⁵



8%

AGRICULTURE,
RURAL DEVELOPMENT
AND FISHERIES

2%

EDUCATION

33%

ENERGY & WATER

9%

HEALTHCARE

7%

TRANSPORT

41%

PLANNING AND
CONSTRUCTION

• The social reinsertion of discharged military personnel, displaced people and refugees is a strategic objective of the highest priority to ensure the consolidation of peace and to promote local development.

• The deactivation of mines and other explosive devices that are spread across the country is fundamental to creating the proper conditions for full freedom of movement of people and goods.

• Food safety and rural development are also fundamental to the revitalisation of the rural economy. They will help to establish the population in the countryside and will progressively lead to a reduction in dependence on imported agricultural products.

• The rural sector is one of the strategic areas that is fundamental given its potential to create employment and generate income for families and its vital importance in reducing dependence on trade and consequently, the vulnerability of the internal market.

• Education is also crucial to economic growth because it increases the quantity and quality of the human capital available for production processes.

• The health of the population is an equally important element in human development and is a condition necessary to economic growth. The main objectives in the area of health are to guarantee the provision of basic healthcare services to the whole population. Pressing on with the efforts to prevent and combat diseases and the social pandemic of HIV will be vital to guaranteeing a prosperous future from both an economic and social point of view.

• The development of basic infrastructures, like the improvement of road networks, will allow access to markets and a reduction in costs and will facilitate communication and mobility, particularly for those living in rural areas who depend on agriculture.

• The provision of water, sanitation and energy are essential for the development of human capital and for an increase in domestic production.

• Employment and professional training contribute directly to the practice of activities that generate income and promote the enhancement of human capital which is the foundation for healthy economic growth.

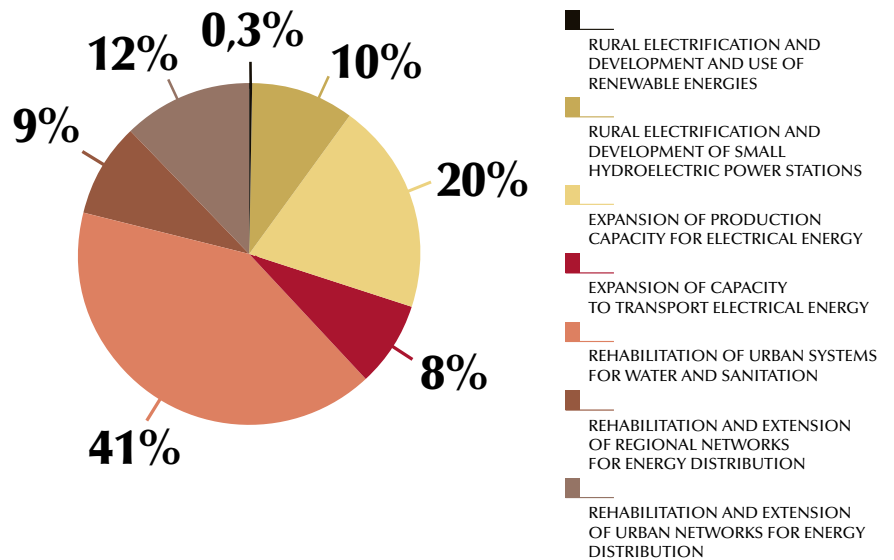
• A stable macroeconomic climate is fundamental to guaranteeing investor confidence and creating the right conditions for an increase in business activity, the consequent generation of employment and an increase in the income of the population.

⁵Source: Article the numbers of 2011, Expansão, 7 January.

PRINCIPAL ALLOCATIONS BY SECTOR

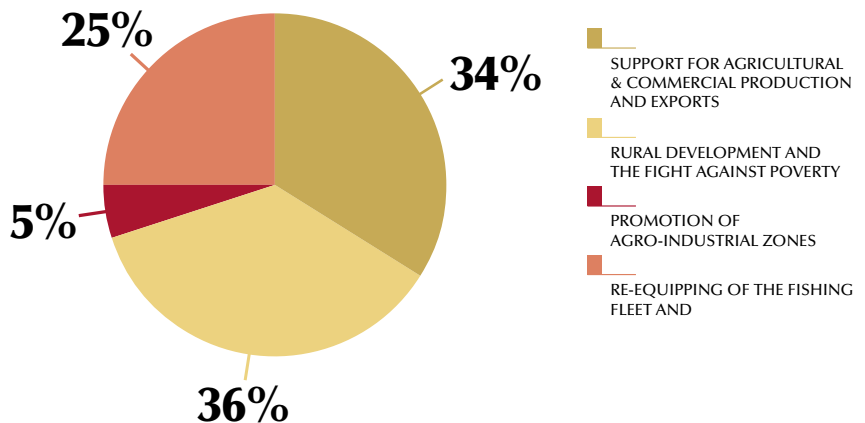
STATE BUDGET 2011 ENERGY & WATER

41%
REHABILITATION OF URBAN SYSTEMS FOR WATER AND SANITATION



36%
RURAL DEVELOPMENT AND THE FIGHT AGAINST POVERTY

STATE BUDGET 2011 AGRICULTURE, RURAL DEVELOPMENT AND FISHERIES

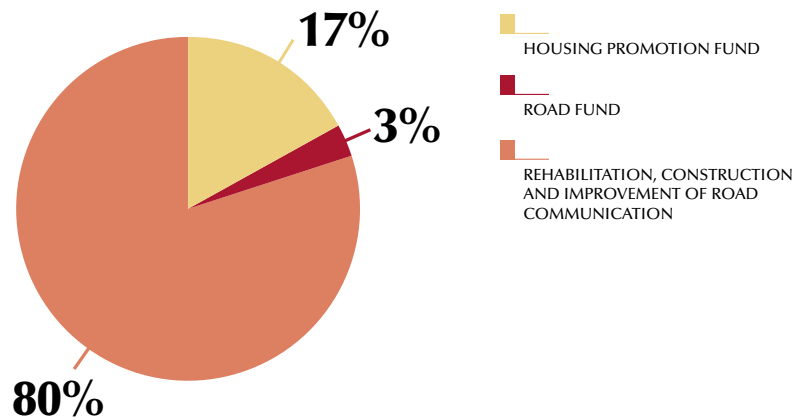


Source: Article the numbers of 2011, Expansão, 7 January.

PRINCIPAL ALLOCATIONS BY SECTOR

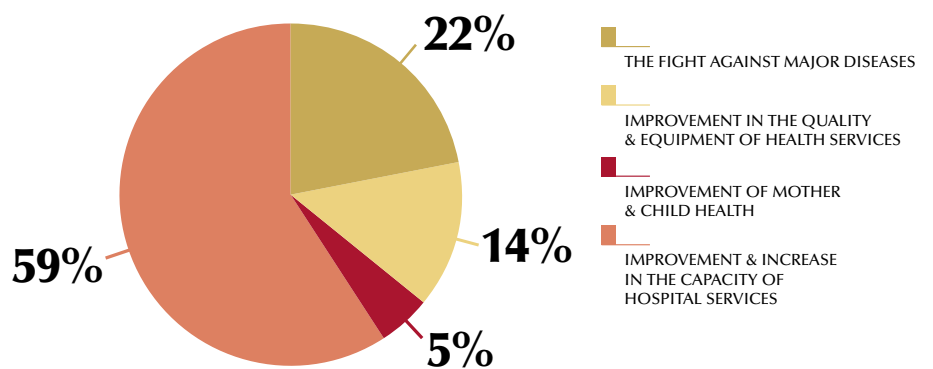
STATE BUDGET 2011 PLANNING AND CONSTRUCTION

80%
REHABILITATION,
CONSTRUCTION AND
IMPROVEMENT OF ROAD
COMMUNICATION



STATE BUDGET 2011 HEALTHCARE

59%
IMPROVEMENT
& INCREASE IN THE
CAPACITY OF
HOSPITAL SERVICES

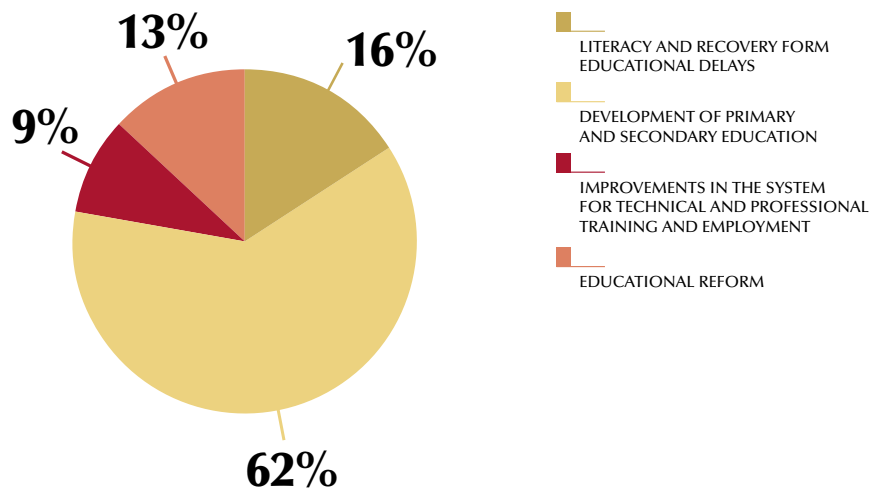


Source: Article the numbers of 2011, Expansão, 7 January.

PRINCIPAL ALLOCATIONS BY SECTOR

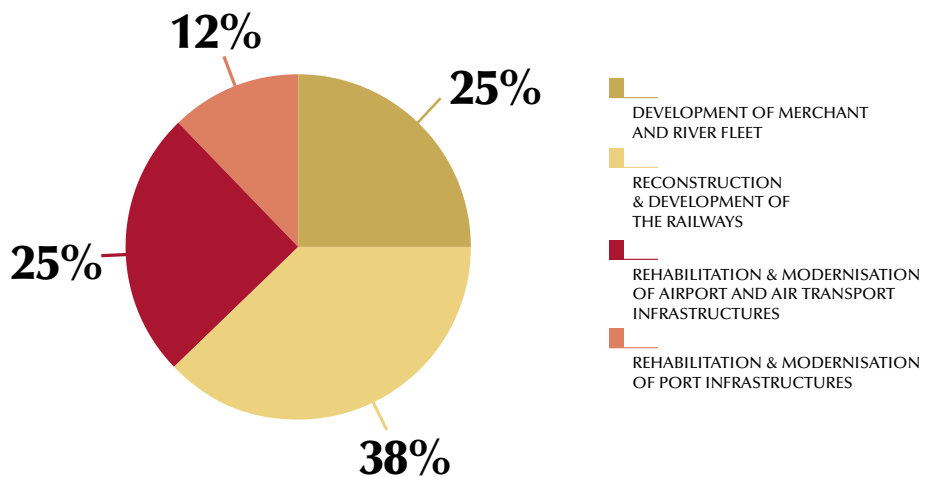
STATE BUDGET 2011 EDUCATION

62%
DEVELOPMENT OF PRIMARY AND SECONDARY EDUCATION



STATE BUDGET 2011 TRANSPORT

38%
RECONSTRUCTION & DEVELOPMENT OF THE RAILWAYS



This document is intended exclusively for private circulation. The information contained in it has been obtained from sources considered to be reliable but its accuracy cannot be fully guaranteed. The opinions expressed are the responsibility of their authors alone and reflect their personal points of view.

Source: Article the numbers of 2011, Expansão, 7 January.



GLA - Gabinete Legal Angola

LUANDA

Edifício Escom, Piso 13, Fracção B

Rua Marechal Brós Tito, 35-37

Luanda, Angola

Tel: (+244) 222 446 560

Fax: (+244) 222 443 388

geral@gla-advogados.com

www.gla-advogados.com



MEMBER OFFICES

ANGOLA • BRAZIL • CAPE VERDE • CHINA
MACAO • MOZAMBIQUE • PORTUGAL