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Economy, Commerce and Investments

Investments in oil sector could reach USD 66 billion by 2011

Investments in research, exploration and development of the oil sector in Angola might reach USD 66 billion by 2011, said the chairman of the administration board of the state-run oil company Sonangol, Manuel Vicente.

The official said so while presenting the history of the country's oil production, in the ambit of the second Conference and Regional Exposition on Research and Production of Oil in deep waters, in Luanda.

Of the referred amount, 51.6 billion will be used for the development of projects, aimed at investing in deep waters, as well as starting activities in blocks made available in 2005 and 2006, he added.

Sonangol will hold a tender for more blocks exploration, thus fulfilling its goals in the maintenance and recovery of reserves as well as increasing the levels of oil production countrywide.

The minister reminded that at the beginning of the production in deep waters in the 1990s, investment in the oil sector reached USD 15.5 billion.

According to him, since Sonangol's creation in 1976 until 1990, USD 6.1 billion were invested for the development of activities in shallow waters, in the Kwanza basin.

Angola's current oil production is now estimated at 1.7 million barrels daily.

The goal is to reach two million barrels daily in 2008, according to Sonangol.

Source: Angola Press Agency

Dutch Trade Mission to Angola from 18th to 23rd November 2007 (in Dutch)

In opdracht van de EVD, agentschap van het Ministerie van Economische Zaken, organiseert de Nederlands-African Business Council (NABC) van 18 tot en met 23 november 2007 een handelsmissie naar Angola. De missie richt zich in het bijzonder op het Nederlandse MKB in de sectoren infrastructuur, olie- en gas sector en landbouw. De handelsmissie staat onder leiding van Kees van Heijst, voorzitter van de NABC. De heer van Heijst heeft veel buitenlandervaring in Afrika en Azië en is onder meer 6 jaar directeur van Vlisco in Ghana geweest. De handelsmissie wordt in samenwerking met de Nederlandse ambassade in Angola georganiseerd.

De voorbereidingen voor de handelsmissie verlopen naar wens. Vijftien Nederlandse bedrijven hebben zich aangemeld en zullen in Angola voldoende de kans krijgen om diverse contacten te leggen en om de verschillende investeringsmogelijkheden te verkennen. Naast bedrijfsbezoeken, 'matchmakingevents' en officiële ontmoetingen met diverse Angolese autoriteiten, zal de Angolese investeringsbureau ANIP eveneens een dagonderdeel verzorgen. Op woensdag 21 november 2007 is er voor de handelsmissie een excursie naar Benguela en Lobito gepland. Ook daar zal de handelsdelegatie de kans krijgen om de gewenste contacten te leggen. Voor meer informatie over het programma kunt u contact opnemen met de NABC (070-3043618) of rechtstreeks met de Nederlandse Ambassade.

The Royal Netherlands Embassy will have a vacancy per the 1st of January 2008 for the following position:

Assistant Administrative Affairs / Accountant (M/F) 20 hours per week

The assistant Administrative Affairs reports to the Head of Administrative Affairs of this Embassy

Main duties of the job: Member of Support Office with the following main tasks:

I Accounting / bookkeeping:

- Fast and accurate operation of the automated bookkeeping systems
- Responsible for maintaining the financial files
- Responsible for local and international bank transfers and issues

II Administrative duties for the Administrative Department:

Assists the Head of Administration in Personal Affairs, with respect to:

- Administration of the social security
- Salaries
- Legal position of the local staff
- Maintaining contact with various companies in relation to financial matters.

Important requirements:

- Good personal skills, a teamplayer.
- A degree in accounting or equal through experience.
- Good knowledge of the English language in speaking and writing.
- If candidates are found equally suitable, candidates with knowledge of the Dutch language have a preference.
- Good computer skills of Windows programs like Word, Excel, and Access.
- Translation skills (Eng – Port) are considered an asset.

Working at the Netherlands Embassy offers candidates a position within a governmental organization, where political, economic affairs and development aid are coming together. The position comes with good fringe benefits. A background investigation will be part of the selection procedure.

Candidates are asked to send in their application together with their curriculum vitae before December 1, 2007 to:

Royal Netherlands Embassy
Av. 4 de Fevereiro n. 42, 6 andar.
Luanda
or
Email: LUA@MINBUZA.NL

Angolan government announces energetic expansion programme

Angolan Government is designing a short and medium term energy expansion programme to support the country's actual macro-economic growth, said the minister of Energy and Waters, Botelho de Vasconcelos, during the opening of the annual general assembly of the World Energy Cities Partnership (WECP).

The minister said on the occasion that the implementation of the programme will improve the living condition of the populations thus reducing the current rate of poverty. Besides, the minister added that the regular energy availability and supply, would reduce operation costs of the small and medium firms, attract more investments and expand the job market. However, actions for partnership with investors with technical and financial capitals, involving transfer of technology and skill are underway.

The general assembly, which aimed at exchanging experience among WECP's member, included a visit to the oil installations of Malongo, in northern Cabinda province, and a meeting of the economic development committee as well as included a conference on "Angola, development perspectives" and a seminar on "Oil and Development", cultural activities, visits to energy companies and site touring.

Luanda is a member of WECP since November 2004. The organisation comprises 13 cities, namely Houston (USA), Perth (Australia), Daqing (China), Halifax (Canada), Aberdeen (Scotland UK), Dammam (Saudi Arabia), San Fernando (Trinidad & Tobago) and Stavanger (Norway).

WECP is a non-profit international association, which aims at "encouraging economic development, exchange of technological and commercial knowledge, experience and information that favour new business and investment opportunities.

Source: Angola Press Agency

Rents rocket in Angola's oil boom

Luanda is in the throes of a property boom that makes London's housing gyrations of recent years look pedestrian. Prime office space in the centre of the city overlooking the bay sells for about \$6,500 (€4,640, £3,250) per square metre, according to Paul de Sousa, senior partner of KPMG in Angola.

Rents are just as eye-popping. A fairly average flat rented by an expatriate businessman costs between \$12,000 and \$15,000 a month. "It's higher than in Tokyo or New York," says one western diplomat. "It has to be the highest rental market in the world."

Such costs are prohibitive even for some businesses hoping to take advantage of Angola's booming economy, expected to grow this year at 20-30 per cent. "Clients who come from South Africa look at the prices of opening up an office and say 'Whoa! This is expensive'," says Mr de Sousa.

Notwithstanding their unofficial status as most favored business partners, the Chinese too are feeling the pinch. Neal Zhou and Wu Jiao, who have set up an office in Luanda for their firm of property designers, say the rent for their office/quarters is about \$10,000 a month. "The cost is too crazy," says Mr Zhou.

The boom is a simple matter of supply and demand. Angola exported nearly \$30bn of oil last year, a bonanza for a country with a population of 14m-17m people. As production has increased, so has the number of expatriate workers.

And yet the heavily congested capital, whose population has swelled from about 600,000 at independence in 1975 to more than 4m today, has only a strip of property that most expatriates would consider suitable. As for Angola's tiny middle class, which is just starting to emerge, they are priced out of the market.

To the south of the city, in Luanda Sul, row after row of housing estates are springing up, complete with security walls, many boasting mock Mediterranean villas or Tuscan palazzos. But these are for the employees of the oil companies and the families of the elite.

For the impoverished majority of the city's population, many of whom fled there to escape from the civil war, the property boom means nothing. The shanty town of Boa Vista (in Luanda), perched on a vast rubbish dump overlooking the harbour, boasts some of the most extreme poverty in the world.

Moreover most shanty town residents have no formal title and so are vulnerable to forced evictions as the government seeks to reshape the city, often with scant regard for its poorer residents. A recent report by Angola's SOS Habitat Organisation and Human Rights Watch said 20,000 people were evicted from their homes in Luanda from 2002-2006. The government argues that such actions are only taken to improve the city's living conditions.

"Demand has been like a balloon. I was expecting a loud bang," says Ari Carvalho, the administrator of ANIP, the government's agency for investors. "But if Angola finds more deposits of oil, then maybe not . . ."

Source: The Financial Times (by Alec Russell in Luanda)

International regulators' offshore safety conference

The International Regulators' Forum will host the second International Regulators' Offshore Safety Conference on December 4-6, 2007 in Miami, Florida. Regulatory officials and industry representatives from all nations with ongoing or proposed offshore oil and gas activities are encouraged to attend.

The 3-day conference will focus on "Asset Integrity," defined as the maintenance of fitness of offshore structures, process plants, connected pipelines and risers, wells, wellheads, drilling and well intervention facilities, and stability systems. Discussions will consider "as-built" facilities, aging structures, maintenance, verification, and safety management systems.

We hope both regulators and industry will share their experience and knowledge through presentations, open dialogue, and roundtable discussions; compare the differences in regulatory approach and safety performance; and work together to improve overall safety in the offshore industry.

The venue and agenda will also provide many opportunities for attendees to make new contacts and renew old acquaintances. Attendees are welcome to bring a guest along to enjoy the tropical resort while conference is in session.

For Conference Info and Online Registration: <http://www.mms.gov/international/IRF/IRF.htm>

Source: <http://www.irffshoresafety.com>

Endiama on greater agility in obtaining Visas for expatriates

Enditrade, a company of the ENDIAMA Group, wishes to establish in a short period, a protocol with the Migration and Foreigners Services (SME), so as to speed up the "bureaucratic" processes for the acquisition of working visas for expatriate staffs. The visa will be acquired for expatriated experts to be contracted by companies of the sub-finance sector, a source from ENDIAMA (National Diamond Company of Angola) reported.

According to the source, Enditrade's intention resulted from the workshop about the Law on the Legal Regime of Foreigners in the Republic of Angola, held in Luanda, at ENDIAMA's headquarters. The seminar, which was a joint action between Enditrade and SME, meant to present a new Law on the Legal Regime of those foreigners who work at firms of the ENDIAMA Group.

The new legal document resulted from the need to adopt efficient measures of control and creation of a new mechanism for entry and exit in the country, as per the new socio-economic reality and to the more frequent presence of foreigners in Angola, he stated.

Source: Angola Press Agency

Angola and Venezuela proclaim chamber of commerce and industry

The League of Friendship and Solidarity with Peoples of Angola and Venezuela "LASPAV" expects until the end of the current year the proclamation of the Angola-Venezuela Chamber of Commerce and Industry.

According to LASPAV's deputy president, the Angolan Sérgio José dos Santos, in an interview to ANGOP, "everything is being carried out by the commission so that the introduction of the chamber becomes a fact until the end of this year".

For the effect, an Angolan musical group travels to Venezuela between November 12 and 26 to attend the Africa/Venezuela Festival, and during the activity they will discuss with their counterparts from South American countries matters related to the creation of the chamber.

Caracas, Venezuelan capital, will host from November 12 to 26 the Africa/Venezuela Festival, with the aim of promoting the African culture.

Businessman Piedoso Chimuko leads the installing commission of the Angola-Venezuela Chamber of Commerce.

LASPAV was proclaimed on 28 December 2005, in Luanda, and aims at contributing to the education system of the country by offering school materials and scholarships to Venezuela, as from next year.

The league is chaired by Paixão Júnior, vice president Sérgio José dos Santos, secretary general Dany Cadete and the secretary for culture is Henrique Miguel "Riquinho".

Paulo Pombolo chairs the assembly general table of the institution.

Source: Angola Press Agency

Angolan finance ministry denies irregularities in China credit use



Angolan Finance Ministry denied any possible irregularities in the use of the funds released under the China Credit Line to finance the country's reconstruction and development.

"It was with stupefaction that the Finance Ministry took notice of vague reports on alleged

abnormalities in the functioning of the China Credit Line, uttered by some relatives of ex-chiefs of the External Intelligence Services (SIE), during their trial", says a press release.

According to the release "for the seriousness of such unfounded utterances" reported by some Angolan media organs, the Finance Ministry feels the obligation to issue this communiqué, to explain to the institution of the State and to the public and private entities as a whole.

The source also states that the financial relations with the Republic of China started the November 28, 2003, following the signing between the Finance Ministry of Angola and the Ministry of Commerce of China of an accord that set the bases of a new economic and commercial cooperation between the two countries.

On March 2, 2004 the first Credit Accord with the Eximbank of China was signed for a financial package of two billion US Dollars and meant for the financing of projects of Angola's public investment, approved by a joint work team, in terms of the said accord.

The first package was implemented in two different phases, with each taking USD 1 billion.

The first phase involved 27 contracts, corresponding to 50 projects, of which 21 have already been completed. These projects focused on areas of electricity, water, health, education, public works, each of which takes about 20 percent of the total amount released.

The second phase included 13 contracts and 52 projects that are underway. These contracts are in the areas of telecommunications, fisheries, health, education and public works.

A contract is near approval to complete the second phase. The contract is called EDEL III, plus another two in final stage of negotiation, also in the sector of electricity and waters.

The balance at the end of September 2007, according to the Finance Ministry, is of USD 7.1 million, of which USD 1.6 million are for the first phase of the financing and USD 5.4 million for the second phase.

The total amount disbursed until the end of September is USD 932.9 million, being 733.1 million for the first phase and 199.8 for the second phase.

As a result of the positive evaluation made by the two parties concerning the first package USD 2
Source: Angola Press Agency

billion, a memorandum of understanding was signed on June 20, 2006, between the Angolan Finance Ministry and China's Eximbank, for the granting of a new financing of the same amount.

The communiqué recalls that, according to procedures agreed up and in force under the credit line, the disbursement, that is the utilisation of the funds, can only be effected on orders from the Finance Ministry, based on invoices presented by the contractors and stamped by the owner of the work and respective supervisors.

The disbursements are remitted directly to the contractors accounts. On the other hand, these disbursements lead to the recording of the debt with the Finance Ministry and Reserve Bank (BNA).

According to the Finance Ministry, there is no way funds can be embezzled or used in an irregular way.

In the search for partnerships for huge national reconstruction projects, the China International Fund was established in 2005, based in Hong-Kong, with the purpose of creating facilities or credit lines to finance projects under the National Reconstruction Office and obtain new funds in competitive terms.

The first facility organised by the China International Fund amounting to USD 2,9 billion, enabled the start of the implementation of projects approved in due time by the Cabinet Council, namely the new Luanda International Airport, the new railways, the Luanda-Lobito, Malanje-Saurimo, Saurimo-Dondo and Saurimo-Luena roads.

The Luanda drainage infrastructures and studies and project of the new capital city are also part of the package of projects. Alike in the China Eximbank facility, here again the disbursements are remitted directly to contractors and Chinese suppliers.

Meanwhile, because of some constraints linked to the China International Fund, in mobilising funds to complete the projects underway and start another one, the Government decided to instruct the Finance Ministry to seek funds from the local market. This led to the acquisition of USD 3.5 billion to cover the continuation of the main programmes of the National Reconstruction Office.

Hence, the Ministry of Finance considers that the statements that compromise the functioning of China credit line are just vague news, calumny and speculations.

Investors' sign up to Angola's miracle

Angolan oil exports last year were worth \$29.9 bn, up by 32 percent from 2005 and 400 per cent from 2002.

Eduardo "Dino" Chingunji, Angola's minister of tourism, is a man of big dreams. Striding to his office window overlooking the capital Luanda's achingly beautiful lagoon, he rattles his elegant cufflinks and expansively predicts that in a few years the shabby old Portuguese colonial buildings lining the seafront will have been joined by an array of five-star hotels.

"There will be a small park, places you can go jogging in the evening, restaurants, cafes ... We aim to build 40 more hotels in Angola by 2010."

It is the sort of extravagant pledge that until recently would have had potential foreign investors nodding politely before consigning his plans to the nearest wastepaper basket as a flight of fancy. No longer.

For almost 30 years, from independence in 1975, Angola was embroiled in civil war and known as one of the most benighted places in the world. Since the war finally ended in 2002 it has been known abroad for little beyond its phenomenal oil wealth, its stark divide between the super-rich elite and the poor, and its lack of transparency in accounting for its revenues.

Now, however, it is gaining an extra tag. The combination of its oil bonanza and a huge investment in infrastructure has led it to become the hot destination for businesses seeking to invest in Africa. "There's a general feeling that if we are not a player in Angola in the next five years we will have missed the best opportunity in Africa," says a senior western diplomat in the region.

Angolan oil exports last year were worth \$29.9bn (€22.1bn, £15bn), up by 32 per cent from 2005 and 400 per cent from 2002, according to official figures published last week. While the government last month downgraded predictions of this year's GDP growth from 31 per cent to 19 per cent, many businessmen believe the original figure may prove to be more accurate. And all this is before the country's vast agriculture potential and the bulk of its plentiful diamond deposits have been tapped.

When Jendayi Frazer, the US assistant secretary of state for Africa, visited earlier this year she predicted that in 10 to 15 years Angola would be one of the three hubs in sub-Saharan Africa, along with the traditional powerhouses of South Africa and Nigeria.

It is a view widely shared by bankers. Outside South Africa "you've got to be in Nigeria, Ghana, Kenya and Angola", says Craig Bond, CEO of Standard Bank Africa, the African arm of Standard Bank, the continent's largest bank. Angola has registered five new banks in the past year and is expected to register five more by the end of 2007, according to Paul de Sousa, the representative for KPMG. The "big three" banks in South Africa, Standard Bank, First National Bank and ABSA, and several international banks have been scouting in recent months for potential acquisitions.

In the past two years China's credit lines to Angola - variously estimated at between \$6bn and \$10bn - have captured the headlines. Now interest from the US is intensifying and not just in the oil industry in which the big US oil companies have long had a huge stake. A delegation from Carlyle, the US private equity group, visited recently looking not just for business with the government and the state oil company, Sonangol, but also for private clients, according to a person familiar with the discussions.

For western governments Angola's allure poses an ethical dilemma. On the one hand it is a terrific investment opportunity. British officials are facilitating two UK-Angola trade missions this year, up from one last year, and they anticipate three in 2008.

And yet the government has an abject record on transparency, corruption and human rights. A Human Rights Watch report three years ago said \$4bn of oil revenue vanished between 1987 and 2002. For a country in which the United Nations Development Programme estimates most people live on less than \$2 a day, these are eye-watering figures.

Just a few streets back from Luanda's beach esplanade, entire families can be seen scavenging off refuse tips, without access to clean water or shelter.

Three-quarters of the city's estimated 4.5m people live in poverty as desperate as anywhere in Africa. The businessmen who pour in on the thrice-weekly jumbo jet from Johannesburg drive out of the airport car park straight into a slum. "The ruling elite is a parasite on the state," says Fernando Macedo, head of the Association for Justice, Peace and Democracy, a human rights group.

Angolan officials bridle at such charges. They point to their vast rebuilding programme of roads, railways, power stations and schools and also to recent moves towards a greater openness. "Sonangol publishes its accounts," says Ari Carvalho, co-ordinator of ANIP, the agency that advises would-be investors in sectors outside the oil industry. "Four years ago that was inconceivable. Numbers do begin to make sense in the last three or four years. We are getting there."

Unquestionably the government is becoming more open but western officials concede there is still a long way to go. "There is no concept of a conflict of interest," says one diplomat.

"The building work is very impressive," says an economist. "But are they doing enough in health and poverty alleviation? Could they not show a little more humanity?"

Opposite the office of Mr Chingunji, is a vast sandbank recently reclaimed from the sea. He says he has pledged of hundreds of millions of dollars to build a giant hotel there. A renewed emphasis is under way, he insists, to ensure that the poor benefit from the boom.

"Everyone wants to do something here," he says. "It's a miracle." For the business community at least that is certainly true.

Source: von Alec Russell (Luanda)

Economists say Angola's economy needs diversification

Economists from the BPI (Portuguese Investment Bank) said the Angolan economy will continue to remain robust, thanks to increased oil exports, but the authorities must develop the non-oil production sector, "in order to guarantee a comfortable position abroad," and one that is sustainable. Portuguese economist Susana Jesus Santos said that the development of domestic sectors able to satisfy people's basic needs entails reactivating agriculture and setting up a manufacturing industry.

The economic and financial study on Angola that was presented by the BPI stated that "the excessive weight of exporting only one product may be more naturally reduced via the diversification of exports," and this will be the "Prop for the sustainability of balanced growth, promoting income redistribution and a solid domestic position."

Source: Lisbon Lusa News Agency

Oil and Mining

Angola LNG project to produce five million tonnes

The Angola LNG (liquefied natural gas) project expects to produce five million tonnes of gas per year, as from 2012, thus enabling the country to profit from the preserving of the environment and use of the fluid for commercial and industrial goals.

Oil minister, Desidério Costa gave the information Friday, in Luanda, whilst presiding over the closing ceremony of the 2nd Deepwater Offshore West Africa (DOWAC) Exploration and Production Conference and Exhibition.

The official defended the steady reduction of gas burning resulting from oil exploration as the priority of the Angolan government.

In this aspect, he also defended the total elimination of gas burning, through its use for industrial and domestic aims until 2010.

Minister Desidério Costa referred that future challenges of the sector are enormous, demanding the implementation of better planned strategies,



considering the evolution of the oil and gas sector in the African continent.

To achieve this goal, he considered essential the need for African oil producers to capitalise the experiences acquired by national firms, turning them into autonomous operators, leading

contractors and those participating in the whole oil business chain.

Simultaneously to the conference, an exhibition was held to witness the development of main actors of the petroleum industry and of some national universities (Agostinho Neto, Lusíada, Private, Jean Piaget and Independente Universities).

Sonangol and the Oil Ministry, in partnership with some operating companies and of providing services and contractors, technically and professionally supported the conference, co-ordinated by an International Steering Committee.

The Cabinet Council approved, in its session of 13 June 2007, a memorandum of understanding between the Angolan Oil Ministry and the Ministry of Trade, Industry and Energy of South Korea for joint activities in the fields of oil and gas exploration.

Source: Angola Press Agency

Regional deepwater offshore West Africa exploration and production conference

More than 1000 persons attended the 2nd Regional Deepwater Offshore West Africa Exploration and Production Conference and Exhibition (DOWAC) held at the Talatona Conference in Luanda 2-6 October 2007. The conference attracted visitors from more than 26 countries including Angola, Democratic Republic of Congo, France, Italy, Mauritania, Mosambique, Nigeria, Netherlands, Norway, UK, USA .

The Conference and Exhibition was hosted by the Ministry of Petroleum and Sonangol and the Angolan Oil and Gas Community. The conference featured some 150 technical papers and poster presentations focused on new technologies and innovations taking place in the deepwater marketplace.

The accompanying exhibition featured more than 40 companies, including all of the major oil companies: Sonangol, BP, Chevron, ExxonMobil, Total, Eni, Petrobras, StatoilHydro and the major service providers such as Baker Hughes, BJ Services, Halliburton, and Schlumberger.

The Netherlands was well represented: Blue Water, Boskalis, Fugro, Heerema and Offcon all had major presence at the conference and exhibition.

One of the key features at the exhibition was the DOWAC Knowledge Centre: sponsored by AngloSantaFe, ING Bank, Marathon Oil and Schlumberger. This sponsorship featured and allowed the following universities to participate at the exhibition: Agostinho Neto, Lusíadas Administration of Angola, UPA (Private University of Angola), Jean Piaget University, UNIA (Independent University). Furthermore, each of the universities will be receiving a scholarship of \$3000.

Source: Netherlands Embassy

Exxon Mobil's Angolan Field Ahead of Schedule

Exxon Mobil Corp.'s Mondo oil field in Angola is ahead of schedule and production is likely to start in January or December, an official from the state oil company Sonangol said.

Production as early as December "is possible, but nothing's firm yet," Ruben Costa, production director at Sonangol, said today in an interview. "Exxon's pushing for it."

Traders have said that Angola's monthly loading schedules showed one 500,000-barrel cargo from Mondo on Dec. 30 and 31.

The nearby Saxi-Batuque field, originally expected to begin production in June, is two months behind schedule, Costa said after a conference in Houston. The project is delayed because of fabrication problems with a floating production terminal used to store and then transfer oil onto tankers, he said.

The Mondo field is expected to produce 100,000 barrels of oil a day, as are the Saxi and Batuque fields combined, according to Exxon Mobil filings with U.S. regulators.

The fields comprise Exxon Mobil's Kizomba C project, and are expected to recover about 600 million barrels of oil. The Irving, Texas-based company has a 40 percent stake in the project.

Source: Bloomberg

Angola pledges to shake-up state oil group

Angola's state oil company should in five years face sweeping reforms, losing its status as an alternative finance ministry and handing over its regulatory authority to the government, according to a senior cabinet minister.

Sonangol has long been criticised in the west over the lack of transparency in its handling of Angola's vast oil resources and its role as an autonomous government fief with quasi-fiscal powers.

The call for it to lose its extraordinary responsibilities came from Aguinaldo Jaime, Angola's head of economic policy in an interview with the Financial Times. This is the first time the government has offered a timeframe for a shake-up of the company.

His comments came in the wake of calls from donor agencies to reform Sonangol. But critics of the regime caution that it has previously made pledges which it has not implemented and that Mr Jaime's remarks may reflect the thinking of the government's reformist wing rather than a firm plan.

The World Bank highlighted last year two big concerns: Sonangol's handling of activities normally done by the ministry of finance and central bank, and a "conflict of interest" over its dual role as oil producer and the industry regulator. Angola would be better served, it argued, if Sonangol concentrated on its "core business".

Mr Jaime defended Sonangol's powers as a product of the pressures of the 27-year on-off civil war, which ended in 2002. Donors' reluctance to lend money to Angola (over concerns about lack of transparency) led Sonangol to come "into the limelight", he said. "It was something that was imposed upon us."

He also argued that a rapid transfer of its regulatory functions to the ministry of oil would be a disaster

as the government lacked the qualified staff to take them over

But it was inevitable, he conceded, that the government would assume Sonangol's special responsibilities. "As long as the economy keeps growing and moving and the fundamentals are right," he said, then Sonangol should be able to transfer its quasi-fiscal functions to the central bank.

"When we feel these two bodies [the ministry of finance and ministry of oil] have acquired sufficient expertise, there will be time for Sonangol to be completely separated from the regulatory activities."

Pressed to give a timeframe, he said five years. Over the past decade the country has become notorious for its divide between the elite and the poor, and for its failure to account for billions of dollars of its oil revenue.

Founded in 1976 in the midst of a bitter civil war, Sonangol has long been seen by oil companies as an oasis of professionalism in one of Africa's more chaotic countries.

In the 1980s, when the economy was ravaged by the then Marxist-Leninist regime, it was allowed to operate under technocrats on the lines of a western company. But simultaneously it has been at the centre of a system of parallel finances largely away from public scrutiny.

"It is an extremely cosmopolitan, efficient company," said Ricardo Soares de Oliveira, an Oxford academic and author of a new research paper on Sonangol.

"But its competence and sophistication have never been put at the service of Angolan development. It has been an instrument of the futungo [the

presidential clique] serving the interests of the presidency.”

Mr Jaime is one of the reformers in a government still influenced by hardliners with Marxist roots. He predicted Angola’s gross domestic product, recently downgraded in a forecast from 31 per cent to 19 per cent, would soon rise back into the twenties. He, however, dismissed human rights activists’ arguments that the issue in Angola is not money but how it is spent. “The money is never enough to cater for all the needs of the people,” he said.

João Domingos, an unemployed mechanic who has lived with his family on a rubbish dump for the past decade, ridiculed such claims. “The country is rich but they don’t allow us to develop,” he said. “It’s like living under a dead dog.”

The minister conceded, “Some people don’t feel the peace dividend.” But he said they still lacked the skills to implement the necessary reforms. “Can we do more [to improve accountability]? Yes, probably. But if you compare Angola today to the Angola we had 12 years ago, my assessment is we

Source: The Financial Times

New Angola refinery to start production in 2012



Construction of a new \$4.5 billion refinery in Angola's southern port town of Lobito will start next year and be completed in 2012 when production will start.

Source: Reuters

have made a lot of progress.

There can be few better ways, analysts argue, of proving the government’s commitment to openness than by reforming Sonangol.

The suggestion that Sonangol may have its regulatory functions hived off is an indication that the Angolan national company may have ambitions to join a growing club of emerging national oil companies, Dino Mahtani writes in London.

Petrobras of Brazil and Petronas of Malaysia are just two examples of other national oil companies that have become competitors to the likes of BP, Royal Dutch Shell and ChevronTexaco worldwide.

The drive by governments in resource-rich countries to build up capacity in their national oil companies comes amid moves by many such governments to exert greater control over their oil industries.

Some national oil companies, such as Venezuela’s PdVSA and Iran’s NIOC, have failed to acquire the technical expertise to pursue their own ambitions.

The refinery, to be known as Sonaref and to be built in the northern part of Lobito in Benguela province, would have a production capacity of 200,000 barrels per day and would be the government's biggest project yet.

It would depend on the port of Lobito and the Benguela railway “most of which has yet to be reconstructed” to help transport its products to other parts of Angola as well as for export, the province's governor was reported as saying.

Dumilde Rangel said the refinery would help sustain the country's economy and would bring direct benefits to locals, including the creation of about 7,000 jobs. Angola currently relies on its Luanda refinery which produces less than 40,000 bpd.

Angola to double diamond production by 2009

With production growing by an average of 30 percent per annum, Angola hopes to double its diamond production by 2009, hitting 19 million carats. At current prices, this could result in revenue of about \$2.4 billion, double that of 2006 and equal to 75 percent of the total international reserves Angola held in 2005. At present, 14 mines are operational, producing 64 percent of all diamonds. Another 17 projects are being explored and another 30 are ready to start. Endiama (Angola National Diamond Enterprise) is also awaiting investment proposals for 106 projects countrywide. Edgar Carvalho, of the African Diamond Exporters Association, said Angola is reaching agreements with various countries, in order to improve its diamond industry.

Source: Jornal de Angola

Diamond sales earn \$1.2 million in 2006

Angolan diamond sales reached the \$1.2 million mark in 2006, announced SODIAM (Angolan Diamond Trading Association) sales director Helder Milagre. He added that the figure was for the sale of 9.4 million carats of diamonds. Speaking at a seminar on geological and mining potential, he explained that over 8 million carats were used for industry and the remainder for jewellery. This amount of carats represents an increase of 32.22 percent compared to 2005. He added that the main market for Angolan diamonds is Dubai (32 percent), followed by Antwerp (28 percent), Hong Kong (19 percent), Geneva (10 percent), and Tel Aviv (7 percent). Angola plans to become a world class diamond market, opening jewellery stores to ensure that the precious stones will be made available in other parts of the world.

Source: Lisbon Lusa News Agency

Japan seeks to investment in geological mining sector

The Japanese businessmen have expressed an interest in investing in the geological mining sector. The intention was expressed during the Angola-Japan business talks, which were held in Luanda between Angolan and Japanese businessmen from various sectors. Deputy Geology and Mines Minister Mankenda Ambrose said he is waiting for license requests from Japanese entrepreneurs wishing to invest in mining. He identified some of the government's priorities, and the Japanese showed a great interest in manganese, iron, and diamond polishing, as well as in accessing geological information. The Japanese delegation met with the finance, transport, geology and mines, and industry ministers.

Source: Jornal de Angola

Mining sector contributes to development

The minister of Geology and Mining, Manuel Africano, said that the mining sector is going through a moment of gradual growth, meant to become an important tool in the country's social and economic development.

Speaking at the first mining sector seminar designed for Angolan journalists, he said that with the achievement of peace in 2002, the research and prospecting of mineral resources have been extended to remote areas of the country. According to Manuel Africano, with peace and political stability it is already possible to make a geological/mineral study of the Angolan potential, a fact that will enable to diversify the mining activity to other sub-sectors.

Despite the need for dynamic in the diamonds sub-sector, the minister defended that it is necessary to re-launch ornamental rocks activities, building materials of mineral origin, sands and others, as the country is in a stage of reconstruction of its infrastructures.

The one-day gatherings goal was to provide participants with technical knowledge on mining activity.

Source: Angola Press Agency

Banking and Insurance Sectors

Angola arranging \$3.5 bln bank credit line



Angola's government is arranging a credit line worth about \$3.5 billion from a syndicate of Portuguese and local banks, with an initial \$1 billion to be finalised next month, banking sources said.

Angola's Banco Africano de Investimentos (BAI), which is partly owned by state-run oil company Sonangol, will be responsible for raising about \$400 million in the first tranche in November.

Banco de Fomento Angola (BFA), Angola's largest bank and a subsidiary of Portugal's BPI, and Banco Espirito Santo Angola (BESA), which is controlled by Portugal's Banco Espirito Santo, will each raise \$200 million.

The remainder will be funded by local Angolan banks in what will be the largest loan ever funded by the southwestern African nation's banking sector.

"There will be three tranches in total, with a total of about \$3.5 billion planned," a foreign banker in

Luanda who is familiar with the credit arrangement told Reuters on condition of anonymity.

"But it's a done deal and the first \$1 billion will probably be finalised in November," the banker added.

The funds would be subject to a five-year repayment period at an interest rate expected to be between 3.25 percent and 3.75 percent over LIBOR, the source said. Most of the financing was to come from external sources rather than in Angola.

Angola, which emerged from a devastating 27-year civil war in 2002, has funded much of its reconstruction through foreign credit, including a multi-billion dollar oil-backed credit line from the Eximbank of China.

The exact amount of the Chinese credit is unknown, though it is believed to be between \$4 billion and \$11 billion.

Angola has been able to tap global financial markets because of its emergence as one of Africa's top oil producers and the double-digit growth that has marked its oil-fueled economy in recent years.

Angolan authorities, however, are increasingly looking to internal sources of credit to fund the reconstruction of infrastructure in the country, sub-Saharan Africa's second-largest oil producer after Nigeria.

"It's quite encouraging for the country that local banks can play this capital-raising role for the government," the banker said. "Although with so much money coming in from oil revenues, one wonders why they need more cash."

The Angolan banking sector has mushroomed in recent years, with more than a dozen banks now on the market. But very few of the country's 16 million people "most of whom live in dire poverty" use banking facilities.

Source: Reuters

Three Angolan banks on the list of 100 largest banks in Africa

Three Angolan banks on the list of the 100 largest African banking institutions in terms of capital, African Business revealed. South Africa tops the list, and the highest-ranking bank from a Portuguese-speaking African country is the Angola Development Bank (BFA), in 53rd place, with capital amounting to \$155 million, followed by the Credit and Savings Bank (BPC), in 67th place, with capital amounting to \$66 million. The last Angolan bank to appear on the list is the African Investment Bank (BAI), in 78th place, with capital amounting to \$51 million.

Source: Lisbon Lusa News Agency

Reserve bank calls for big Angolan bank to reduce number of foreign banks

The reserve bank governor said that the solution to the "excessive" presence of foreign banks in Angola, especially that of Portuguese banks, is to create one big Angolan bank through mergers. Mauricio said the new bank "may be private or public, may receive aid from the public sector," and may entail restructuring the sector, "putting an end to the spreading of resources" in Angolan banking. Speaking on the sidelines of a meeting of reserve bank governors from Portuguese-speaking African countries and East Timor, Mauricio said Angola "can create conditions so that a strong Angolan institution may result from a well-defined strategy," aimed at becoming a market leader. He said forcing financial institutions to have Angolan shareholders is an "extreme and undesirable measure;" a better solution is to set up a "big bank," joining different Angolan interests.

Source: Lisbon Lusa News Agency

Reserve bank waits to be notified of changes to banks' joint venture

The reserve bank is waiting for the General Savings Bank and Santander Totta to officially present the changes to a joint venture they are planning in Angola, so that it may reanalyze the process. Mauricio said the "dragging on" of the project, the presentation of which was initially made in February 2006, was due to negotiations between the two banks and Angolan partners, who will also be shareholders in the Angola Totta Bank. Mauricio said there must be a formal request to change the shareholder structure, and deadlines can only be set once documentation is received.

Source: Lisbon Lusa News Agency

African investment bank to become New bank's majority shareholder

The African Investment Bank (BAI) will become the majority shareholder of New Bank Angola, a banking institution that deals mainly in microfinance. This will create an opportunity for BAI to participate in a segment of the market it sees as strategic, but which is incompatible with its current operational and commercial structure.

In the past, BAI has participated indirectly in microfinance; now that New Bank's shareholders, such as ProCredit Holding and three other international shareholders (Holland's DOEN Foundation, the US International Financial Corporation, and Belgium's BIO) have decided to sell their shares, BAI with 85 percent stake, will be able to transfer part of the capital to charity and microfinance institutions.

Source: Angola Press

European bank delegation sign € 15 mln loan contract with Angola cable TV

A delegation from the European Investment Bank (BEI) signed a 15 million euro loan contract with Angola Cable TV. A communiqué stated that the contract is a partnership between the Portuguese Visabeira Group and Angola Telecom. BEI delegation met with local entities, especially those in government and in the banking sector. BEI also introduced its new representatives for Southern Africa and the Indian Ocean, Mr. Serge Klumper, and for Angola, Ms. Isabel Costa.

Source: Lisbon Lusa News Agency

Logistics and Infrastructures

Government approves hydroelectric project for Lunda Norte province

The Angolan government approved the construction of a hydroelectric project estimated at USD 120 million, in the area between Luapasso region and of Luó diamondiferous concession, in the north-eastern Lunda Norte province.

The station, with an installed capacity of 26 megawatts, will produce about 12,8 megawatts, which will serve the mining industry, with the remainder to be distributed to neighbouring populations at prices defined for consumption.

Addressed by the Head of State, José Eduardo dos Santos, the session approved, for the effect, "minute of the Private Investment Contract" denominated "HIDROLUAPASSO, SA", to be signed by the National Agency of Private Investment (ANIP), in representation of the Government, and by Escom Mining Energy Limited, refers the communiqué.

Source: Angola Press Agency

Sonangol, Odebrecht sign bio-energy production accord

Angola's state-run oil company Sonangol and the Brazilian building company Odebrecht, signed an accord for setting up a firm for production of bio-energy in the north-central Malanje Province.

The act took place in the fringes of the closing ceremony of a seminar among businessmen of Angola and Brazil, and the Brazilian President, Lula da Silva, who visited Angola in mid-October.

The project will comprise an investment worth about USD 250 million in the coming years. The new firm will produce 150 million of tons of sugar per year, 50 million litres of alcohol and 140 megawatts of electricity.

Angola and Brazil signed an understanding protocol in the domains of finance and other complements to the existing co-operation in the fields of economy, science and technology, for the implementation of the Schooling For All project.

Source: Angola Press Agency

Subsidiary of Angola's Sonangol invests in harbour infrastructure

Sonangol Integrated Logistics Services (Sonils) and the Angolan National Private Investment Agency (ANIP) signed an investment agreement valued at USD 143.9 million.

The agreement will allow Sonils to build and expand its mooring port by 750 meters in length and 12 meters in depth.

Sonils, which provides logistic support to the oil sector, plans to build a super dock for the loading and unloading of heavy ships, with rolling bridges and cranes to lift up to 500 tons.

Sonils is a joint venture between the Angolan oil company Sonangol and Intels group. They provide a wide range of logistic solutions to the oil sector operating in West Africa.

Source: Angola press Agency

Lonrho to spread wings in Angola

Lonrho announced it has signed a deal that could lead to the creation of a joint venture with GEFI, (Sociedade de Gestão e Participações Financeiras SARL), one of the largest internal investment companies in Angola, to set up a new airline in Angola.

The airline will be called 'Fly 540 Angola', and will replicate Lonrho's successful Fly 540 airline that is operating in Kenya. Lonrho will utilise the skill and experience available within the existing Fly 540 operation to rapidly develop the new airline to become a major market force in Angola.

GEFI, through its wholly owned aviation subsidiary, Planar, has provisionally agreed to provide Planar's assets to the joint venture including a 1,000m² hangar; 400m² of offices and a ticket office on a long term, peppercorn, rental at 4th February International Airport, the main airport in Luanda.

Planar currently hold an Air Services Licence which will be used for Fly540 Angola.

It is planned to commence operations in the domestic market early in 2008. Initial deployment will be a combination of modern turboprops and regional jets, which will provide regular scheduled services to ten key locations within Angola.

David Lenigas, chairman and chief executive officer of Lonrho said: "The results of our market analysis show that the domestic market in Angolan aviation is growing at 20% per year and we also plan to commence international flights in due course.

"This is a significant further step in establishing Fly540 as an integrated, pan African regional carrier of international standards. We expect Fly 540 to be flying in seven countries by the end of the first quarter of 2008."

Source: Business Report

Nampak to build beverage-can making plant in Angola

Nampak plans to build a R600m beverage-can manufacturing plant in Angola to tap rising demand in the continent's fastest-growing economy. The plant, capable of producing 700m cans a year, will be built in Viana, near the capital Luanda, and will be operational by the middle of 2009, CEO John Bortolan said. It's the company's single largest project in rand, he said.

Nampak plans to meet rising demand in Angola, where the economy is expected to grow 35% this year. Nampak said it already supplies about two-thirds of Angola's beverage-can market, estimated at 600m a units' year, from South African plants.

"The decision to expand into Angola is part of the company's Africa strategy, which includes investing in high-growth areas and partnering customers in new territories," Bortolan said. "There is clearly a lot of interest from our beer and soft drink customers."

Customers operating in Angola include SABMiller Plc, the world's third-largest brewer, which also holds the Coca-Cola licence for the country, Bortolan said. Another production line can be added to the plant, which will make 1 800 cans a minute, he said.

The factory will free extra capacity which will be used to meet growing South African demand, the CEO said.

Source: Bloomberg

South Korea grants loan for telecommunications project

USD 35 million loan has been granted by the government of South Korea to fund the Government Telecommunications Network project, aimed at lessening the digital gap between Angola and other countries.

The document was signed by the Deputy Foreign Minister Irene Neto and by the South Korea's Ambassador to Angola, Kim Kyun Seop. Speaking to the media, Neto said the government is working on modernizing the country use of loans and direct investments, aimed at turning Angola and other countries in the region into "African lions" of the 21st century. Kim Kyun Seop said his government will continue to support development projects in Angola.

Source: Angola Press

Namibe Port Rehabilitation bid



Newspaper by the government. So, national and international companies interested to bid are hereby invited to participate. The RfO is open until 23rd of November. For more information details interested company may contact the following numbers:

Contact person: Dr. Pedro Kahamba
Phone: +244 2642 66921/ 2642 66737
FAX: +244 2642 66050
Email: porto09namibe@hotmail.com

The Request for Offer (RfO) regarding the rehabilitation of Namibe port has just begun. The information was recently published in the

Source: Journal de Angola

Information Royal Netherlands Embassy in Luanda

The Department for Consular Affairs is opened for the public from **09:00** to **12:00** from Monday to Friday.

Consular Affairs provide the following services:

- Visa applications
- Legalization of documents
- Passport applications
- Consular declarations
- Residence visa's (MVV)
- Other consular related issues

To contact the consular department by phone:

From Monday to Thursday from **8:00** to **16:30**

Friday from **08:00** to **13:30**

Tel.: (+244) 222 310686/222 311239/222 311269 or 222 311511

Fax: (+244) 222 310966

E-mail: lua@minbuza.nl
www.angola.nlembassy.org

Useful Websites

Official Republic of Angola website:
www.angola.org

Royal Netherlands Embassy in Angola:
www.angola.nlembassy.org

AngolaPress
www.angolapress-angop.ao

Dutch Webpage with Practical Links:
www.angola.startpagina.nl

Exchange Rates

Below the estimated exchange rate for the Angolan Currency Kwanza (KZ), according to the National Reserve Bank (BNA):

- KZ 74,815 to the US Dollar (USD)
 - KZ 107,734 to the Euro (EUR)
 - KZ 11,418 to the S. African Rand (ZAR)
 - KZ 154,060 to the British Pound (GBP)
-

For comments, suggestions and remarks on this Newsletter, or any other business, please contact the Commercial Team at the Netherlands Embassy in Luanda:

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