

The Republic of Angola – an Undiscovered Gem for Forward-looking Investors

Executive Summary:

- **During 2003 and 2008, the Republic of Angola’s (“Angola”) average real GDP grew at 15%**, placing it amongst the fastest-growing economies in the world. Despite a pull-back in the GDP growth in 2009 due to a curb in global oil demand, **Angola’s real GDP is expected to have resumed growth at 8.2% in 2012 and expand at 7.1% in 2013**, according to African Economic Outlook (AEO). Moreover, **the latest presidential election held in August 2012 should enable the country to continue to grow with stability.**
- However, at the moment, the lack of infrastructure represents a significant bottleneck for Angola’s economic expansion. In accordance with the World Bank, **Angola’s annual economic growth could increase by about 2.9% points if the country raises its infrastructure endowment** to that level of the region’s middle-income countries. In order to unlock the country’s full development potential and boost its economic growth, it is important for Angola to continue to expand its infrastructure.
- **Angola’s competitive advantages: Angola has extensive mineral and natural resources** such as oil and gas, diamond, gold, barite, iron, copper, cobalt and granite. Furthermore, **Angola’s interior highlands are well-suited for agriculture** as they have abundant water resources.
 - **Rich petroleum and mineral resources:** According to BP Statistical Review of World Energy 2012, Angola has the 3rd largest proven oil reserves in Africa (13.5 billion barrels at year-end 2011). The country is the 2nd largest oil producer in Africa; furthermore, it is the 5th largest diamond producer in the world by value.
 - **Huge agricultural potential:** Besides having abundant water resources, the country’s fertile soil and favorable climate also enhance its virtually untapped agricultural potential. According to the Food and Agriculture Organization of the United Nations, Angola has the 16th largest agricultural potential area in the world. However, currently, only 10% of the country’s arable land is cultivated.
- **Forward-looking investors should invest in Angola for its substantial long-term growth potential.** Particularly, we believe immense investment opportunities could be found in these areas:
 - **Banking and Finance:** With the new foreign exchange law for the oil and gas sector passed in late 2011, assets of the Angolan banking sector could grow significantly. However, this golden opportunity could come along with new challenges as local banks will have to process far bigger transactions at unprecedented volume. Hence, international banks may find partnership opportunities to upgrade local banks’ internal systems such as risk management, reporting, information technology and human resources management.
 - **Agriculture, Livestock Farming and Fishing:** Cash crops such as coffee, banana, rice, sugar cane, palm oil, cotton, sisal, tobacco, sunflower, citrines and other fruits and vegetables could be found throughout the country. We believe there are export potentials for these cash crops, in particular, coffee. In addition, tremendous opportunities could be found in the fishing industry as only 261,619 tonnes were fished in 2011 versus an estimated sustainable catch of 450,000 tonnes per year.
 - **Energy, Infrastructure and Related Services:** Private enterprises could participate in the reconstruction of Angola’s power and other infrastructure projects by participating in Public-Private Partnerships. Additionally, private investors are also encouraged to invest in infrastructure related services such as logistic stations, warehouses and technology parks near the seaports and airports.
 - **Manufacturing:** As most of the construction materials (such as steel, copper and cement), mining supplies and mining equipment are being sourced abroad, there are huge opportunities for manufacturing these items domestically, especially at the time when Angola promotes domestic manufacturing of consumption-related goods to diversify its economy.