

## AFRICA RISK CONSULTING

### Angola Monthly Briefing May 2023

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#### Angola Summary 22 May 2023

*Energy Capital & Power, the South Africa-based African oil and gas investment platform reports on 18 May that Angola has signed five service contracts with international oil companies, totalling \$9.4 billion between 2022 and this year to date. Despite Angola's intention to move away from dependence on oil and gas, the sector remains the fastest-growing area of Angola's economy. China's ambassador to Angola, Gong Tao meets with president Joao Lourenço (2017 – present) on 15 May, confirming that China intends to give greater impetus to relations with Angola to promote peace and stability in regional and international affairs. United States-headquartered nongovernmental organisation (NGO) Human Rights Watch publishes a report on 16 May calling on the government to end its longstanding crackdown on political and human rights activists in Cabinda province.*

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#### Oil sector investment increases

**Energy Capital & Power**, the **South Africa**-based oil and gas investment platform reported on 18 May 2023 that Angola has become an investment hotspot, after **Angola** signed five service contracts with international oil companies, totalling \$9.4 billion between 2022 and this year to date<sup>1</sup>. Despite Angola's intention to move away from dependence on oil and gas, the sector remains the fastest-growing area of Angola's economy. Energy Capital & Power noted that the sector is "in rapid growth, [and] the emergence of a set of new high-value service contracts is expected, as well as the extension of several that already exist and are under implementation".<sup>2</sup>

**Azule Energy**, the Angola-based joint venture company formed from the assets of two oil majors, **United Kingdom**-headquartered **BP** and **Italy**-headquartered **ENI** is the largest independent producer of oil and gas in Angola and signed high-value contracts in February at a total of \$7.8 billion, for its **Agogo Integrated West Hub** offshore development project in Block 15/06.<sup>3</sup>

These contracts were awarded to:

- **Yinson (Malaysia)**, for floating production storage and offloading platform (FSPO) and field operations and maintenance services;
- **Baker Hughes (United States -US)** for subsea production systems and aftermarket services;
- **Aker Solutions (Norway)** for an umbilical system;
- **Subsea 7 (UK)** for risers, flowlines, and subsea structures transportation and installation;
- **TechnipFMC (UK)** for risers and flowlines;
- **Saipem (Italy)** for rigid flowlines and subsea structure transportation and installation.<sup>4</sup>

**French** oil and gas major **TotalEnergies** also awarded TechnipFMC a \$250m contract in February for engineering services, acquisition and supply of flow lines and connectors in the **Girassol Life Extension** project, located in Block 17.<sup>5</sup>

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<sup>1</sup> Energy Capital Power, 18 May 2023

<sup>2</sup> Jornal de Angola, 15 May 2023

<sup>3</sup> Jornal de Angola, 15 May 2023

<sup>4</sup> Offshore Engineer, 28 Feb 2023

<sup>5</sup> Energy Capital Power, 27 Feb 2023

Saipem signed a further contract of \$900m with Angola's **New Gas Consortium**, which is composed of Azule Energy, state-owned **Sonangol**, US-based **Chevron** and TotalEnergies. The agreement granted Saipem three engineering, acquisition and construction contracts, to develop the **Quiluma** and **Maboqueiro** gas fields, located in the **Lower Congo Basin**.<sup>6</sup>

**Sonadrill**, a consortium of Sonangol and **Bermuda**-based drilling solutions company **Seadrill** signed an extension contract of \$327m for the operation of the **Libongos** drilling vessel in Angola and an extension of the operating contract for its ultra-deepwater vessel **West Gemini** for \$161m.<sup>7</sup>

Angola has reserves of 27 trillion cubic feet of natural gas and 7.8 billion barrels of oil and is developing alternative energy sources.<sup>8</sup> However, both the reserves and the new investment contradict the fact that Angola's oil and gas production is currently declining, and this will slow. Economy and planning minister **Mário Caetano João** has forecast growth of only 3% in 2023, though growth will increase to an average of over 3.6% between 2024 and 2027, driven primarily by investment in the oil sector.<sup>9</sup>

### China interested in working with Angola on regional issues

**China's** ambassador to Angola, **Gong Tao** met with president **Joao Lourenço** (2017 – present) on 15 May, confirming that China intends to give greater impetus to relations with Angola to promote peace and stability in regional and international affairs.<sup>10</sup>

Gong laid stress on China's intention to "*join efforts with Angola to help international partners in the peaceful resolution of conflicts*" in reference to Angola's leading role in peace negotiations in the **Democratic Republic of Congo (DRC)**, brokering a settlement with **Rwanda** and the **M23** militia.<sup>11</sup>

Lourenço is the **African Union's** mediator between Rwanda and the DRC and is currently the chair of the **International Conference of the Great Lakes Region**.<sup>12</sup> Lourenço recently said he did not think an all-out war between Rwanda and DRC was on the horizon, and that he was hopeful that his mediation efforts would succeed.<sup>13</sup>

Lourenço will also become chair of the **Southern African Development Community (SADC)** from August 2023, bolstering his influence in the region. These roles make him an important player in China's regional interests.<sup>14</sup>

Gong has not indicated what kind of role China might take in conflict resolution, but in March it was reported that China was to send 9 Caihong 4 (CH-4) attack drones to help DRC fight the Rwanda-backed rebels. China is also very active in mining in the DRC, controlling nearly 70% of the country's mining portfolio and an increase in hostilities could be a threat to mining in the eastern DRC.<sup>15</sup>

As important to China is the settlement of Angola's debt, and trade flows. Gong said:

*"We will continue to maintain contacts at the highest level for the consolidation of our political relations to obtain, increasingly, fruitful results in the fields of trade and investment."*<sup>16</sup>

Angola is taking advantage of higher oil prices to accelerate its debt repayments to China.<sup>17</sup> Gong told the media on 17 May that Angola's debt to China is now estimated at \$20 billion and represents

<sup>6</sup> Jornal de Angola, 15 May 2023

<sup>7</sup> Jornal de Angola, 15 May 2023

<sup>8</sup> Jornal de Angola, 15 May 2023

<sup>9</sup> APA News, 5 May 2023

<sup>10</sup> Jornal de Angola, 16 May 2023

<sup>11</sup> Jornal de Angola, 16 May 2023

<sup>12</sup> VerAngola, 6 April 2023

<sup>13</sup> France 24, 7 May 2023

<sup>14</sup> The African, 26 Jan 2023

<sup>15</sup> The Diplomat, 20 Mar 2023

<sup>16</sup> Jornal de Angola, 16 May 2023

<sup>17</sup> China-Lusophone Brief, 17 Oct 2022

42.5% of Angola's external debts.<sup>18</sup> Trade is thriving between the two countries - China's exports to Angola in 2022 stood at \$4.1 billion, dwarfed by Chinese imports of Angolan oil at \$23.09 billion.<sup>19</sup>

Gong and Lourenço discussed the financing and state of execution of Chinese works in progress including the new **Luanda International Airport**, being constructed by the **China National Aero-technology International Engineering Corporation**, the **Caculo Cabaça Hydroelectric Power Station (Cuanza-Norte)** constructed by the **China Gezhouba Group** and the **Port of Caio (Cabinda)**, constructed by the **China Road and Bridge Corporation (CRBC)**.<sup>20</sup>

Trade relations between China and Angola are likely to increase, which is important for guaranteeing Angola's stability given the high levels of indebtedness. Gong added he had heard considerations from Lourenço on the importance of diversifying the Angolan economy and the imminent launch of new projects.<sup>21</sup>

### Human Rights Watch says Angola should end arrests in Cabinda

US-headquartered nongovernmental organisation (NGO) **Human Rights Watch** published a report on 16 May calling on the government to end its longstanding crackdown on political and human rights activists in Cabinda province.<sup>22</sup> The NGO says that since Lourenço took office in September 2017, Cabinda authorities have arbitrarily arrested and detained over 100 activists for engaging in human rights and peaceful pro-independence activities in the province.<sup>23</sup>

**Zenaida Machado**, the senior Africa researcher at Human Rights Watch noted:

*"The government should end its wrongful arrests and respect the rights of Cabinda's people to peacefully demonstrate and protest."*<sup>24</sup>

In the most recent major incident on 25 March, Angolan security forces **Colegio Privado** initially detained 3 organisers and 45 participants attending a human rights workshop. The workshop was organised by **Conacce Chaplains**, a well-known Christian NGO with **United Nations** links.<sup>25</sup>

Police officers detained the workshop trainer, Bishop **Kavada Rock**, a **Republic of Congo** national, and seized training materials, including several notebooks, a slide projector, a computer, and participants' handbags. Witnesses said the security forces neither presented a court order nor provided identification or grounds for the raid. The **Cameroon** branch, where Kavada Rock's letter of authorisation is said to have originated, has not acknowledged either the peace training mission to Cabinda or that Rock has been arrested.<sup>26</sup>

This was the fifth set of arrests in Cabinda since 2018 when police arrested 13 activists advocating for Cabinda's independence during a meeting to organise a public debate on the enclave's autonomy. A week later, a court acquitted the group of charges of crimes against state security, ruling that the meeting was not illegal.<sup>27</sup>

Machado further highlighted that arresting people for advocating rights will only add to the discontent felt among Cabindans:

*"The Angolan authorities should stop attacking activists and drop all charges against those jailed without credible evidence of lawbreaking."*<sup>28</sup>

<sup>18</sup> Angop, 17 May 2023

<sup>19</sup> Trading Economics, 19 May 2023

<sup>20</sup> Jornal de Angola 16 May 2023

<sup>21</sup> Jornal de Angola 16 May 2023

<sup>22</sup> Human Rights Watch 16 May 2023

<sup>23</sup> Human Rights Watch 16 May 2023

<sup>24</sup> Human Rights Watch 16 May 2023

<sup>25</sup> Human Rights Watch 16 May 2023

<sup>26</sup> Connace Cameroon Facebook accessed 20 May 2023

<sup>27</sup> Human Rights Watch 16 May 2023

<sup>28</sup> Human Rights Watch 16 May 2023

Cabinda is one of Angola's principal oil-producing provinces, said to produce at least half of Angola's oil. Cabinda began to receive 10% of oil revenues in 2006, although Cabindans say they see little benefit from the oil. Cabindan separatists claim that Cabinda is not a part of Angola but was an exclave added to Angolan territory at independence in 1975.<sup>29</sup>

### Planner

2020-2025 **(Angola) World Bank** to provide funding to increase economic diversification for five years;

Jun 2023 **Luanda (Angola) Portugal's** prime minister **António Costa** to make a state visit;

Jun 2023 **Hunan (China) Angola** to participate in the 3rd edition of the China-Africa Trade and Investment Fair

Jul 2023 **Lobito (Angola)** The implementation of the Single Window for Trade Facilitation (JUMA), which the **International Maritime Organization (IMO)** is introducing in the **Commercial Port of Lobito**, is to be completed;

2023 **Namibe (Angola) Caraculo** photovoltaic (solar) power plant in **Namibe** province comes online;

Aug 2023 **Luanda (Angola)** Angola's sole purpose-built gold refinery expected to open in **Viana**,

Aug 2023 **Luanda (Angola)** Provisional certification of fitness for **Aeroporto Internacional Dr Antonio Agostino Neto Airport** scheduled;

Nov 2023 **Luanda (Angola) Aeroporto Internacional Dr Antonio Agostino Neto** expected to open;

Dec 2023 **Cabinda (Angola)** First phase of **Cabinda Refinery** ends, and testing begins to measure the productive efficiency of the refinery;

2023 **Luanda (Angola)** Angola and the **European Union (EU)** to open negotiations for a trade agreement;

2023-2024 **Luanda (Angola)** Angola to create two new provinces and a further 417 municipalities by 2024;

Q 1 2024 **Lucapa (Angola)** The **Lucapa** photovoltaic power plant will start producing power;

2024 **(Angola)** Government is to carry out its second census

2024 **(Angola)** Angola to begin exporting 'green' hydrogen energy to **Germany**;

December 2024 **Cabinda (Angola)** Completion of the deep-water port **Porto do Caio** is expected;

2026 **(Angola) Programa de Privatizações (PROPRIV)** (privatisation programme) extended to manage government divestment of 138 companies;

<sup>29</sup> Voice of America 26 Sep 2012

## Chronology

18 May 2023 **Porto (Portugal)** *Jornal de Angola*. Economic coordination minister **Manuel Nunes Júnior** speaks at the opening of the **Portugal-Angola Economic Forum** and calls for more investment from Portuguese entrepreneurs, particularly in the agricultural sector;

16 May 2023 **Luanda (Angola)** *Jornal de Angola*. Secretary of state for mineral resources, **Jânio Correia Victor** says that the right to issue mining rights has been transferred from provincial governments to the mineral resources, oil and gas ministry;

16 May 2023 **Luanda (Angola)** *Expansao*. Government plans to issue 255.4 billion Kz (\$503m) in **Eurobonds** by June after placing \$1.75 billion in Eurobonds in April with a 10-year maturity and an interest rate of 8.75%, to exchange debt in foreign currency that expires in the short term;

6 May 2023 **Luanda (Angola)** *Expansao*. **Nigeria-based Access Bank** expects to increase its shareholding in Angola's **Finibanco** to over 80% through purchase of the 51% shares held by **Portuguese Banco Montepio**, and is awaiting approval of the purchase from Nigeria's **Competition Regulatory Authority**;

16 May 2023 **Luanda (Angola)** *Angop*. Angola and the **United States** launch the 'Ecosystems, Communities and Climate' project to support communities in the upper **Cubango-Okavango** region, with the US contributing \$7.5m;

16 May 2023 **Luanda (Angola)** *Angop*. Angola and South **Korea** agree on strengthening bilateral cooperation in the areas of renewable energy, education and agriculture;

15 May 2023 **Luanda (Angola)** *Jornal de Angola*. **Chamber of Commerce and Industry Angola - United Arab Emirates** and the **Abu Dhabi Chamber of Commerce** sign a memorandum of understanding and will promote a second 'Global Business Forum Angola' this year to include the sectors of agribusiness, carbon credit, diamonds, gold, oil and gas, tourism and real estate;

15 May 2023 **Luanda (Angola)** *Angop*. **Luanda-Bengo Special Economic Zone** signs a memorandum of understanding with **CIMALSA**, a company owned by the autonomous government of **Catalonia**, which will promote, develop and manage the infrastructures and centres for the transport of goods, logistics and provide for the transition from the special economic zone to a free zone over the next four years;

15 May 2023 **Luanda (Angola)** *Angop*. A new general labour law is to be introduced in the current session of parliament, replacing the previous 23-year-old law, and increasing protection for employees, including a contract as the basis of all employment, maternity and paternity leave, sickness and accident benefits, and protection against unfair dismissal;

13 May 2023 **Kinshasha (DRC)** *Angop*. **Administração Geral Tributária** (general tax administration) and **Democratic Republic of the Congo's Direction Générale des Douanes et Accises à la Consommation** (director-general for customs and excise duties on consumption) sign an agreement on measures to prevent fraud and facilitate cross-border trade between the two countries;

12 May 2023 **Luanda (Angola)** *Angop*. Angola's Banco Nacional de Angola (central bank) is enabling the use of kwanza debit cards in the **Southern African Development Community** region, as well as in any country with an international payment system;

12 May 2023 **Malange (Angola)** *Angop*. President **João Lourenço** visits the water abstraction, treatment and distribution system of **Quissol** in north-east **Malanje** and announces the **Caculo-Cabaça** hydroelectric dam in **Cuanza Norte** province will be completed in 2026;

11 May 2023 **Luanda (Angola)** *Angop*. Angola's ambassador to **Namibia**, **Jovelina Imperial** says Angola's focus in the **Comunidade dos Países de Língua Portuguesa (CPLP)** (community of Portuguese language countries) is to increase cooperation mechanisms between national, public and

private entities with responsibilities in promoting investment and business partnerships in the community and notes that Namibia is interested in strengthening its cooperation with the CPLP countries, as a state with observer status;

8 May 2023 **Luanda (Angola)** *Angop.* **European Union** funded communication training project for journalists, the **Projecto de Apoio à Sociedade Civil e à Administração Local em Angola** takes place to improve the effectiveness, knowledge and skills of media professionals and digital influencers to cover issues related to decentralisation, participatory governance, gender equality and inclusion;

27 April 2023 **Luanda (Angola)** *Angop.* Counsellor minister for the **United States** mission in Angola, **Mary Emma Arnold** announces that within a month a US financial corporation, in partnership with the US Prosper Africa initiative, will be in Luanda to identify projects through which investments in areas such as health, mineral resources, agriculture, and other sectors of the economy, could be supported;

26 April 2023 **Luanda (Angola)** *Angop.* Angola's central bank says international reserves dropped from \$18.23 billion in 2017 to \$14.66 billion by the end of 2022, a reduction of around \$3.57 billion;

26 April 2023 **Luanda (Angola)** *Angop.* Economy and planning minister **Mário Caetano João** says a new paradigm in investment now exists, transferring economic activity from Luanda to the other provinces of the country to reduce inequalities, carry out state reforms and promote national production;

26 April 2023 **New York (United States)** *Angop.* **Angola** informs the **United Nations (UN) Information Committee** about the state of negotiations for setting up a UN Information Centre in Luanda, which is expected to serve the needs of all **Portuguese-speaking African** countries;

26 April 2023 **Addis Ababa (Ethiopia)** *Angop.* Deputy attorney general **Pascoal António Joaquim** is elected vice president of the **African Union Advisory Board Against Corruption**;

26 April 2023 **Luanda (Angola)** *Angop.* The Angolan central bank says bad bank loans in 2022 totalled Kz 296.2 billion (\$548m), 31% less compared to 2021;

26 April 2023 **Saurimo (Angola)** *Angop.* Mineral resources, oil and gas minister **Diamantino de Azevedo** invites new investors in Angola's nascent diamond-cutting industry and underlines that Angola's diamond exchange is being developed, aiming to create more transactional spaces diamonds sales but will take time;

25 April 2023 **Luanda (Angola)** *Angop.* **Austria's** chancellor **Karl Nehammer** attends an Austrian-Angola Business Forum and expresses his country's availability to explore new investment opportunities and intensify business partnerships;

24 April 2023 **Luanda (Angola)** *Angop.* Health ministry launches a comprehensive vaccination campaign against **Covid-19** and other diseases targeting children and pregnant women until 30 April;

24 April 2023 **Luanda (Angola)** *Angop.* Natural gas exports reach 1.1 million metric tons valued at \$947.8m in the first quarter of this year, with countries in **Europe, Asia** and the **United States** as the main destinations, a decrease of 6.67% compared to the previous quarter;

24 April 2023 **Luanda (Angola)** *Angop.* Angola exports 87.9 million barrels of crude oil in the first quarter of this year, valued at \$6.9 billion, 14.82% less compared to the previous period as the average price of Angolan crude also saw a downward trend of 9.81% compared to the 4th quarter;

24 April 2023 **Luanda (Angola)** *Angop.* National assembly president **Carolina Cerqueira** visits **Morocco** for five days to sign a memorandum of understanding on parliamentary cooperation;

23 April 2023 **Dubai (United Arab Emirates)** *Angop.* The **Association of Angolans and Friends in UAE**, made up of Angolans residing in the **United Arab Emirates (UAE)** holds a round-table on 'Angola, yesterday, today and tomorrow - challenges and solutions for Social and Economic Development';

22 April 2023 **Luanda (Angola) Angop.** The **Spanish** ambassador to Angola **Manuel Lobo** opens a Angola/Spain Forum saying that in 2022 Spain exported goods worth \$280m to Angola, mainly industrial equipment, food products and machinery, and imported \$1,356m with the biggest import being oil and gas.

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