

## AFRICA RISK CONSULTING

### Angola Monthly Briefing July 2023

#### Angola Summary 14 July 2023

*The presidents of Angola, the Democratic Republic of the Congo and Zambia attended a ceremony in Lobito Angola on 4 July to mark the handover of the concession of railway services and support logistics of the Lobito Corridor to the Lobito Atlantic Railway consortium. The consortium intends to link the west and east coasts of Africa via the Copperbelt. Assembleia Nacional (parliament) debates Angola's outdated law on demonstrations and political meetings, unchanged since 1991. United States federal court of Columbia district rejects Angola-registered AEnergy SA case against the Angolan government for a third time, citing that the US is not the "convenient forum for judging" the lawsuit filed by AEnergy against the Angolan authorities. AEnergy has been pursuing its contract disputes with the government and state-owned agencies in US courts since 2020.*

#### Major Lobito Corridor project for minerals transport is handed to concessionaires.

President **Joao Lourenço** (2017-present), **Democratic Republic of the Congo's (DRC)** president **Felix Tshisekedi**, (2019- present) and **Zambia's** president **Haikande Hichilema** (2021- present) attended a ceremony in **Lobito (Angola)** on 4 July to mark the handover of the concession of railway services and support logistics of the **Lobito Corridor** to the **Lobito Atlantic Railway (LAR)** consortium.<sup>1</sup>

The LAR consortium joint venture company comprises **Singapore-domiciled Trafigura Pte Ltd** (49.5%), **Portuguese-headquartered Mota-Engil Engenharia e Construção Africa SA** (49.5%) and **Belgian Vecturis SA** (1%).<sup>2</sup> The consortium was selected by tender in July 2022 for the 30-year Lobito Corridor concession and signed the agreement in November 2022.<sup>3</sup>

**Jeremy Weir**, chief executive officer of Trafigura noted the potential of the project at the ceremony:

*"We believe the Lobito railway will be a catalyst for growth and investment in Angola, the DRC, Zambia and the wider region...the rail corridor has huge potential to boost the development of sectors along the line including heavy industry, agriculture and mining, creating new jobs and new opportunities."*<sup>4</sup>

The **Benguela Railway** runs for 1,344km from the **port of Lobito** to **Luau** on the border with the DRC, forming the first link. Within the DRC the railway runs for 400km to **Kolwezi (Lualaba Province)** and then links to DRC's rail network.<sup>5</sup> The **Zambian link** is to be developed and potentially enlarged by building a new 200km line from **Luacano** (Angola) to **Jimbe** (Zambia). This would extend the consortium's contract by 20 years.<sup>6</sup>

The **United States** also expressed plans to support the development of the Lobito Corridor through investment in the rail expansion project and will examine opportunities to connect the initial Lobito

<sup>1</sup> Trafigura Press Release 4 July 2023

<sup>2</sup> Trafigura Press Release 4 July 2023

<sup>3</sup> International Railway Journal 10 July 2023

<sup>4</sup> Trafigura Press Release 4 July 2023

<sup>5</sup> Xinhua 3 Oct 2019

<sup>6</sup> International Railway Journal 10 July 2023

Corridor investments to **Tanzania**. This would be done by linking the **Tanzanian-Zambian railway (TAZMA)** that runs from Zambia's **Copperbelt Province** to the **port of Dar es Salaam** (Tanzania).<sup>7</sup>

The consortium plans to invest \$455m in Angola and up to \$100m in the DRC, in rolling stock and infrastructure. The consortium also has a freight movement target of 1,677 million tonnes of freight per year by 2028/9 and 2,982.31 million tonnes by year 2033/4, rising ultimately to 4,979.23 million tonnes.<sup>8</sup>

The planned rehabilitation of the Lobito Corridor between Angola, the DRC and Zambia is a historic event. Until the mid-1970s, the Lobito Corridor was one of the busiest transportation routes in the **Southern** and **Central African** regions but most of the infrastructure in Angola was destroyed during the civil war (1975-2002).<sup>9</sup> The reopening of the Lobito Corridor was adopted as part of the **Dar es Salaam Declaration** in November 2004.<sup>10</sup> Rebuilding the Benguela Railway, by the **China Railway 20 Bureau Group Corporation (CR20)**, was completed in 2014, paving the way for this undertaking to begin.<sup>11</sup> The Lobito Corridor presents a strategic alternative route to export markets for all countries involved and offers the shortest route linking key mining regions in these economies to the sea.

### **New law on right to demonstrate stalls in parliament.**

**Assembleia Nacional** (parliament) is currently debating Angola's outdated law on demonstrations and political meetings, unchanged since 1991. Freedom of assembly and the right to demonstrate following prior communication to the competent authorities is enshrined in Angola's constitution, last drafted in 2010, but the older law additionally requires authorisation for demonstrations.<sup>12</sup>

Opposition party **União Nacional para a Independência Total de Angola (UNITA)** introduced the new bill on freedom of assembly and demonstration, which parliament approved in principle on 23 May, with 172 votes in favour, none against and no abstentions.<sup>13</sup>

UNITA proposes that the authorities can only prevent meetings or demonstrations that "*take place in public places when they depart from their purpose by the practice of acts contrary to the law or morality*".<sup>14</sup> According to deputy leader of the UNITA parliamentary group and lawyer, **Mihaela Webba**, the purpose of the bill is to define the freedoms of assembly and demonstration under the terms of the **Constitution and the Law of the African Charter on Peoples' Rights**. The text of the new law states "*every citizen is guaranteed the free exercise of the right to demonstrate, freely, without weapons, under the terms of the law.*"<sup>15</sup>

There was consensus among members of parliament (MPs) that the state had to guarantee protection to the demonstrators and that the participation of military personnel and policemen in political demonstrations should be banned.<sup>16</sup> During the debate, senior government MP **Ângela Bragança** said that the proposed law is essential to guarantee freedoms, but without disturbing social peace, or national security.<sup>17</sup>

Changing this law is a timely project. Three weeks of demonstrations across Angola erupted after the government announced on 1 June that it would reduce fuel price subsidies, increasing the price of a litre of petrol from 160 kwanzas (\$0.19) to 300 kwanzas (\$0.36), except for taxi drivers.<sup>18</sup> US-

<sup>7</sup> China-Lusophone Brief 16 Feb 2023

<sup>8</sup> International Railway Journal 10 July 2023

<sup>9</sup> ICGLR Lobito Corridor Project (Prefeasibility Study) March 2006

<sup>10</sup> News24, 5 Jul 2023

<sup>11</sup> Xinhua 3 Oct 2019

<sup>12</sup> Lusa 25 May 2023

<sup>13</sup> Deutsche Welle 25 May 2023

<sup>14</sup> Deutsche Welle 25 May 2023

<sup>15</sup> Angop 3 Jul 2023

<sup>16</sup> Angop 3 Jul 2023

<sup>17</sup> Angop 3 Jul 2023

<sup>18</sup> Angop 1 Jun 2023

headquartered **Human Right Watch** reported on 6 June that police forces shot and killed five demonstrators in **Huambo**.<sup>19</sup>

On 21 June, several thousand protestors - mainly young men and motorcycle taxi drivers, who are exempt from the price rises - demonstrated against the increase in fuel prices in Luanda and Benguela. The police fired tear gas and arrested at least 80 demonstrators, claiming that the demonstrations were becoming violent.<sup>20</sup>

The consensus on the new bill failed in parliament on 7 July, when 'excessive actions' of the agents of public order against demonstrations by citizens were discussed. The articles referring to the duties of the police during demonstrations were required to be better defined, and whether the new law should encompass this issue is a question that provoked clear division. The mechanism for investigating citizens' complaints was also left open.<sup>21</sup> With the failure of consensus, the debate in parliament has been adjourned without a date to resume but likely pending the resolution in committee of these issues.<sup>22</sup>

### **AEnergy attempt to red cancelled contract hearings in US fails**

The US federal court of **Columbia** district rejected the Angola-registered **AEnergy SA** case against the Angolan government for a third time, citing that the US is not the "*convenient forum for judging*" the lawsuit filed by AEnergy against the Angolan authorities. AEnergy has been pursuing its contract disputes with the government and state-owned agencies in US courts since 2020.<sup>23</sup>

AEnergy agreed upon a total of 14 contracts with state-owned electricity companies **Empresa Pública De Produção De Electricidade** and **Empresa Nacional De Distribuição De Electricidade** in 2017, worth a total of \$1.1 billion.<sup>24</sup> However, in August 2018, the government revoked 13 power contracts, citing a breach of the principle of good faith and a breach of trust by AEnergy. In a final knock, a presidential decree published in October 2019 cancelled AEnergy's contract to install a 750-megawatt bi-fuel thermoelectric plant in **Soyo**.

AEnergy had worked with US-headquartered company **General Electric (GE)** on electricity projects in Angola since 2013 and Angola secured a \$1.1 billion credit facility from a GE affiliate to pay for the new contracts. AEnergy was to provide power plant services and 8 new turbines.<sup>25</sup> AEnergy also entered into service contracts with GE at about the same time, and bought 14 turbines from GE, which assumed that 12 of these would be sold to Angola, leading to major accounting problems for the company and an attempt to cover these up. The then-CEO of GE in Angola fabricated letters stating that Angola has already agreed to buy 12 turbines when it has not yet done so. Angola then terminated AEnergy's contracts due to irregularities related to turbine purchases.<sup>26</sup>

AEnergy filed a complaint in the US courts in May 2020 against the government, energy and water ministry, finance ministry, GE, **General Electric International**, **GE Energy Financial Services**, as well as the two Angolan electricity companies.<sup>27</sup> AEnergy sued Angola under exceptions to the US **Foreign Sovereign Immunities Act**, in connection with the actions of GE, saying that Angola was in breach of contract and had wrongly seized AEnergy's turbines. AEnergy also alleged that GE tortiously interfered with its contracts and business relations.<sup>28</sup>

According to the federal court judge's ruling, this case falls within the competence of the Angolan jurisdiction. AEnergy appears to be engaged in "*forum shopping*", attempting to seek more favourable

<sup>19</sup> Human Rights Watch 6 Jun 2023

<sup>20</sup> Deutsche Welle 21 Jun 2023

<sup>21</sup> Jornal de Angola 8 Jul 2023

<sup>22</sup> Jornal de Angola 8 Jul 2023

<sup>23</sup> Market Screener 24 Jun 2023

<sup>24</sup> Aenergy, S.A. v. Republic of Angola 13 April 2022

<sup>25</sup> Aenergy, S.A. v. Republic of Angola 13 April 2022

<sup>26</sup> Aenergy, S.A. v. Republic of Angola 13 April 2022

<sup>27</sup> Angop 5 Nov 2019

<sup>28</sup> Aenergy, S.A. v. Republic of Angola 13 April 2022

outcomes in courts that have little or no connections with the case. The judge stated that jurisdiction in this case belongs to Angola rejecting the argument that AEnergy would not obtain a fair decision in Angola.<sup>29</sup>

## Planner

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

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**, to be completed;

13-14 Sep 2023 **Luanda (Angola)** Angola Oil and Gas conference;

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;

30 Sept 2023 **(Luanda Angola)** The **Agência Nacional do Petróleo, Gás e Biocombustíveis** (national agency for petroleum, gas and biofuels) launches the public tender for eight oil blocks in the onshore **Kwanza Basin**;

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;

July 2024 **(Angola)** Government is to carry out its second census with technical and logistical support from UNFPA;

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;

2023- 2026 **(Angola) Programa de Privatizações (PROPRIV)** (privatisation programme) extended to manage government divestment of 138 companies;

## Chronology

8 July 2023 **Luanda (Angola) Angop. Zambia's** president **Hakainde Hichilema** says Zambia intends to boost trade with Angola following the official start of works on the **Lobito Corridor**;

6 July 2023 **Cunene Province (Angola) Angop.** Energy and water minister **João Baptista Borges** says that years of severe drought in **Cunene Province** will be resolved by 2025 when new dams along the **Cunene River** are expected to be completed;

<sup>29</sup> BNN Network 24 Jun 2023

6 July 2023 **Luanda (Angola)** *Angop*. **Instituto Nacional de Estatística** (national institute for statistics) says GDP increased by 0.3% in the first quarter of 2023, with a 2.8% growth in the non-oil sector and an 8% contraction in oil GDP.

6 July 2023 **Luanda (Angola)** *Angop*. **National Maritime Coordination and Surveillance Centre** being built in **Barra do Cuanza** is expected to complete the first phase by December this year, after being started in Dec 2019;

5 July 2023 **Luanda (Angola)** *Angop*. **United Nations Refugee Agency** says Angola currently hosts 56,095 refugees and asylum seekers;

5 July 2023 **Luanda (Angola)** *Angop*. **World Bank** provides the higher education sector with \$200m in funding;

5 July 2023 **Luanda (Angola)** *Angop*. **Venezuelan** ambassador to Angola **Marlon José Pena Labrador** says Venezuela is ready to resume the training of Angolan teachers and lecturers, suspended in 2020 due to the **Covid-19** pandemic;

5 July 2023 **Luanda (Angola)** *Angop*. Angola and **France** are to renew the long-running **International Fund for Agricultural Development (IFAD)** to improve the management of projects in the agriculture and fisheries sectors;

4 July 2023 **Luanda (Angola)** *Afrobarometer*. Afrobarometer report shows that 65% of Angolans live in zones served by the national electric grid but this drops to 14% for rural residents. Fewer than half (47%) of all Angolans enjoy a reliable supply of electricity;

3 July 2023 **Huan (China)** *Angop*. **Chinese-owned Sino Ord Park Industrial Lda** and China-headquartered **O.T. International** sign an agreement to construct an aluminium factory in northern **Bengo Province (Angola)**;

1 July 2023 **Changsha (China)** *Xinhua*. **Angola** sends a high-level delegation of ministers, provincial governors and the heads of 17 companies to the **China-Africa Trade and Investment Fair**, seeking investment in agriculture and industry;

29 June 2023 **Luanda (Angola)** *Angop*. Director general of **Acção para o Desenvolvimento Rural e Ambiental** (Action for Rural and Environment Development), **Carlos Cambuta**, says members of parliament should strengthen their statutory supervision of public accounts to boost the anti-corruption process underway in the country, despite a flawed ruling by the Constitutional Court ruling that limits the supervisory function of MP's;

27 June 2023 **Luanda (Angola)** *Angop*. Telecommunications, information technology and media minister **Mário Oliveira** says that the government will continue making efforts to meet the demands from the complaints of national postal service workers have been on strike since 5 June, demanding an increase in wages and the application of occupational qualifications;

29 June 2023 **Luanda (Angola)** *Angop*. Chief of staff of the armed forces General **Altino dos Santos** suggests the creation of an **Alta Autoridade Marítima Nacional** (national maritime high authority);

23 June 2023 **Luanda (Angola)** *Angop*. Trade between Angola and **Belgium** reaches \$900m mainly in the areas of ports, airlines and demining, with a focus on the provinces of **Uige, Cuanza Norte and Cuanza Sul**;

23 June 2023 **Luanda (Angola)** *Angop*. **Brazilian** ambassador to Angola **Rafael Vidal** says there is an urgent need to open up a funding line for Angola in the agribusiness sector from Brazil's **Banco Nacional de Desenvolvimento Econômico e Social** (national bank for economic and social development) as Angola has paid off its entire \$3.5 billion debt to the bank;

23 June 2023 **Luanda (Angola)** *Afrobarometer*. **Afrobarometer** poll shows that most citizens support the role of journalists as watchdogs over government and nearly half (48%) say the country's media is

"somewhat free" or "completely free" to report and comment on the news with 43% disagreeing with that assessment;

19 Jun 2021 **Amsterdam (Netherlands)** *ICIJ*. Enterprise chamber, a special division of the court of appeal in Amsterdam rules **Isabel dos Santos** diverted state funds to her accounts between 2006 and 2017, and worked with senior managers of Angola's state oil company, **Sonangol**, to siphon off \$57m;

19 June 2023 **Luanda (Angola)** *Angop*. The **Agência Nacional do Petróleo, Gás e Biocombustíveis** (national agency for petroleum, gas and biofuels) presents the bidding for oil concessions in the **Kwanza** and **Lower Congo** onshore basins, with twelve oil blocks presented for the launch of the public tender on 30 September;

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### About ARC Briefing:

**ARC Briefing** is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

**ARC Briefing** is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment.
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### Getting in touch



Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com) or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)