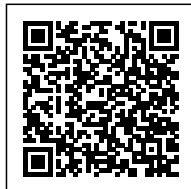


ANGOLA OPENING ITS DOORS TO INVESTORS - ABREU ADVOGADOS

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It's not easy to invest in Angola, but the incentives are there and, if you do it right, the rewards have the potential to be very lucrative

When Fernando Veiga Gomes, Partner and Co-Head of Abreu Advogados' Angola desk, first went to Angola in 2005, he was tempted to turn around and head straight back. However, as he says, that is a far cry from where Angola is today, particularly for foreign investors.

"Things have dramatically changed in terms of investments," says Veiga Gomes, "with many opportunities in construction, infrastructure, transportation, agriculture, telecommunications, energy, water and tourism".

Of course, it's impossible to deny that there's a level of political risk involved, he says, but the more foreign investment Angola gets, the more that reduces. "And there are big economies that have invested a lot in Angola that are not prepared to lose their money, so while it is a risk, it's clearly a manageable one."

Veiga Gomes sees a lot of Portuguese companies looking at Angola to increase their sales and investments as options are currently very limited in Europe. However, he doesn't classify this as a

trend purely brought on by the crisis, but rather the staggering growth of the Angolan economy over the past few years. "This is evidenced by the fact that it's not just the Portuguese that are coming," he says. "Global businesses are looking at Angola more and more, including Brazilians, Chinese, Americans and other nations such as the Spanish are now starting to invest in Angola."

New legal regime

The introduction last year of a new Private Investment Law has also helped ease the way for investors.

Applicable to both foreign and domestic entities, and to all private investments bar those reserved for the Angolan State, the Law has, so far, been well received, says Veiga Gomes. However, smaller investors have been complaining that the minimum \$1m threshold is too high. Veiga Gomes disagrees: "They want to start slowly with small operations rather than a big investment," he explains, "however, if you don't have capacity to invest at least \$1m, which isn't a large amount, then we have to ask, what are you doing here?"

All private contracts are now made directly with the Angolan National Agency for Private Investment (ANIP). "There is still a certain level of uncertainty for investors," explains Veiga Gomes, "as they don't know how ANIP will look on their investments in terms of structuring, capitalisation and timing". ANIP can take a lot of time to decide whether to approve projects, he adds, and they are currently inundated with projects but do not have the capacity to deal with them all.

Available incentives

There are, however, many incentives to invest, says Veiga Gomes, but these very much depend on the sector and where the project is being implemented. "Undeveloped regions or those far away from the city centres, offer better incentives, for example."

The main ones on offer relate to tax. Corporate tax can be reduced by 50 percent from 35 percent to 17.5 percent for anywhere between one to 10 years, dependant on location. "You also have the possibility of reducing capital tax on the distribution of profits to the shareholders, for between three to nine years, with the percentage directly negotiated with ANIP," he explains. "Property transfer tax may also be exempted or reduced." Factors ANIP takes into consideration include the amount of the investment, the number of employees and the industry.

A word of warning

If European or occidental investors want to buy into Angola they must ask themselves if they have the capacity to do so, says Veiga Gomes. "It's a big country with structural and social problems so having adequate resources and financing for their investment is crucial."

You also need the adequate human resources to go there. "You must send the best people you have, ensure you have a local partnership, and above all speak the language," he adds. "All the local players do business in Portuguese, and if you don't, you will have even more difficulties to overcome. You cannot ignore the fact that Angola has over 500 years of Portuguese influence."

While the opportunities in Angola are undoubtedly very attractive, it's not an easy process to invest there, says Veiga Gomes. "To get a project approved, set up your local business, purchase property or hire people takes time, effort, and making sure to do your homework." Do that right, however, and you will reap the rewards.