

OIL STILL POWERING ANGOLAN ECONOMIC MIRACLE- F CASTELO BRANCO

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“There has been a strong willingness to look outside of the country for guidance, and to work with recognised international bodies not only to help create the regulatory framework but also to structure the Exchange and regulatory institutions.”
Luís Miguel Nunes, PLMJ



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Despite the fall in global oil prices, and the economic reliance of the Angolan government on the sector, the country continues to outperform most of Africa, says Vítor Félix of Luanda-based Vítor Félix Advogados which operates alongside Lisbon's F Castelo Branco.

"The artificially high oil prices of last year were clearly unsustainable, but the fact that oil represents 70% of the Angolan economy has meant that the Budget for 2009, based on a per barrel price of \$55, has proved to be accurate."

In 2007 Angola's growth rate was the highest in the world, but still its economic evolution continues. The Angolan National Bank is predicting 6% growth in 2009 and investors are clearly looking beyond the impact of "short term" oil price fluctuations. Portuguese exports to Angola are up 26% and is now its fourth largest economic partner.

Hopes surrounding the development of the country's financial sector have however yet to be fully realised, says Félix.

"The creation of an Angolan Stock Market has had to be postponed, in part because of a relative lack of some companies' technical and corporate governance sophistication, but also because the global financial crisis has contributed to a perception that now is not the right time to go live."

There has though been activity in the banking sector with a number of Portuguese banks having sold majority shares in local entities. Processes have been perceived more as an aid to their capital diversification than a loss of foreign control, he says.

Business opportunities remain but challenges still occur. Angola has a very high cost of living, bureaucracy is high and expensive, and after thirty years of civil war there is a major lack of qualified personnel, says Félix.

"Any entity wanting to invest in Angola requires good legal support and crucially to have their project approved by the Private Investment National Agency to avoid any future profit repatriation

issues – as the local currency, Kwanza, has no rate of exchange and international movements are still strongly controlled."