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DRIVING THE BUSINESS OF TRADE AND INVESTMENT

Country Targeting Strategy 2011/12

Country Intelligence

Angola



June 2011

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Country background and economic overview

Angola is rebuilding its country after the end of a 27-year civil war in 2002. Fighting between the Popular Movement for the Liberation of Angola (MPLA), led by Jose Eduardo DOS SANTOS, and the National Union for the Total Independence of Angola (UNITA), led by Jonas SAVIMBI, followed independence from Portugal in 1975. Peace seemed imminent in 1992 when Angola held national elections, but fighting picked up again by 1996. Up to 1.5 million lives may have been lost - and 4 million people displaced - in the quarter century of fighting. SAVIMBI's death in 2002 ended UNITA's insurgency and strengthened the MPLA's hold on power. President DOS SANTOS held legislative elections in September 2008 and, despite promising to hold presidential elections in 2009, has since pushed through a new constitution that calls for elections in 2012.

Angola's high growth rate in recent years was driven by high international prices for its oil. Angola became a member of OPEC in late 2006 and in late 2007 was assigned a production quota of 1.9 million barrels a day (bbl/day), somewhat less than the 2-2.5 million bbl/day Angola's government had wanted. Oil production and its supporting activities contribute about 85% of GDP. Diamond exports contribute an additional 5%. Subsistence agriculture provides the main livelihood for most of the people, but half of the country's food is still imported. Increased oil production supported growth averaging more than 15% per year from 2004 to 2008. A postwar reconstruction boom and resettlement of displaced persons has led to high rates of growth in construction and agriculture as well. Much of the country's infrastructure is still damaged or undeveloped from the 27-year-long civil war. Land mines left from the war still mar the countryside, even though peace was established after the death of rebel leader Jonas SAVIMBI in February 2002. Since 2005, the government has used billions of dollars in credit lines from China, Brazil, Portugal, Germany, Spain, and the EU to rebuild Angola's public infrastructure. The global recession temporarily stalled economic growth. Lower prices for oil and diamonds during the global recession led to a contraction in GDP in 2009, and many construction projects stopped because Luanda accrued \$9 billion in arrears to foreign construction companies when government revenue fell in 2008 and 2009. Angola abandoned its currency peg in 2009, and in November 2009 signed onto an IMF Stand-By Arrangement loan of \$1.4 billion to rebuild international reserves. Although consumer inflation declined from 325% in 2000 to under 14% in 2010, Luanda has been unable to reduce inflation below 10%. The Angolan kwanza depreciated again in mid 2010, which, along with higher oil prices, should boost economic growth in all sectors. Corruption, especially in the extractive sectors, also is a major challenge.

Country statistics

Indicator	Measure	Rank
Geography		
Area	1,246,700 sq km	23
	land: 1,246,700 sq km	
	water: 0 sq km	
Area comparative	slightly less than twice the size of Texas	
Border countries	DRC 2,511km; Congo 201km; Namibia 1,376km; Zambia 1,110km	
Coastline	1,600 km	
Natural resources	petroleum, diamonds, iron ore, phosphates, copper, feldspar, gold, bauxite, uranium	
Land use	arable land: 2.65%	
	permanent crops: 0.23%	
	other: 97.12% (2005)	
Irrigated land	800 sq km (2003)	
Demographics and population development		
Population size	13,338,541 (July 2010 est.)	70
Population structure	0-14 years: 43.2%	
	15-64 years: 54.1%	
	65 years and over: 2.7% (2011 est.)	
Popn growth rate	2.034% (2011 est.)	47
Net migration rate	0.82 migrant(s)/ 1,000 population (2011 est.)	57
Urbanization	59% (2010)	
	growth: 4% (2010 - 2015 est.)	
Sex ratio	1.02 male(s)/female (2011 est.)	
Life expectancy at birth	38.76 years (2010 est.)	224
Total fertility rate	5.97 children born/woman (2010 est.)	9
HIV prevalence rate	2% (2007 est.)	29
Literacy rate	67.4% (2000 census)	
School life expectancy	9 years (2006)	
The economy		
Currency	Angolan kwanza: 92.08/US\$ (2010 est.), 79.33 (2009 est.)	
GDP (PPP)	total: \$107.3 billion (2010 est.)	68
	growth: 1.6% (2010 est.); 2.4% (2009 est.)	159

Indicator	Measure	Rank
	per capita: \$8,200 (2010 est.)	121
GDP composition	agriculture: 9.6%	
	industry: 65.8%	
	services: 24.6% (2008 est.)	
Labour force	7.977 million (2009 est.)	57
	unemp rate: N/A	
Labour force by occupation	agriculture: 85%	
	industry and services: 15% (2003 est.)	
Poverty rate	40.5% (2006 est.)	
Gross investment (% of GDP)	15.9% of GDP (2010 est.); 15.6% (2009 est.)	127
Public debt	20.3% of GDP (2010 est.)	101
Inflation rate	13.3% (2010 est.); 13.7% (2009 est.)	214
Commercial bank prime rate	15.68% (Dec 2009); 12.53% (Dec 2008)	62
Agricultural products	bananas, sugarcane, coffee, sisal, corn, cotton, manioc (tapioca), tobacco, vegetables, plantains; livestock; forest products; fish	
Industries	petroleum; diamonds, iron ore, phosphates, feldspar, bauxite, uranium, and gold; cement; basic metal products; fish processing; food processing, brewing, tobacco products, sugar; textiles; ship repair	
Electricity	production: 3.722 billion kWh (2007 est.)	121
	consumption: 3.173 billion kWh (2007 est.)	124
Oil	production: 1.948 million bbl/day (2009 est.)	17
	consumption: 70,000 bbl/day (2009 est.)	90
	exports: 1.407 million bbl/day (2007 est.)	16
	imports: 28,090 bbl/day (2007 est.)	101
	reserves: 13.5 billion bbl (1 Jan 2010 est.)	15
Natural gas	production: 680 million cu m (2008 est.)	65
	consumption: 680 million cu m (2008 est.)	92
Current account balance	\$2.089 billion (2010 est.); -\$1.429 billion (2009)	42
Trade	exports: \$51.65 billion (2010 est.)	52
	imports: \$18.1 billion (2010 est.)	74
Export commodities	crude oil, diamonds, refined petroleum products, coffee, sisal, fish and fish products, timber,	

Indicator	Measure	Rank
	cotton	
Import commodities	machinery and electrical equipment, vehicles and spare parts; medicines, food, textiles, military goods	
Export partners	China 35.65%, US 25.98%, France 8.83%, South Africa 4.13% (2009)	
Import partners	Portugal 18.71%, China 17.39%, US 8.51%, Brazil 8.22%, South Korea 6.72%, France 4.51%, Italy 4.28%, South Africa 4.02% (2009)	
Reserves of forex & AU	\$16.89 million (2010 est.)	48
FDI stock	at home: \$91.55 billion (2010 est.)	35
	abroad: \$4.883 billion (2009 est.)	60
Communications		
Telephones	main lines in use: 303,200 (2009 est.)	113
	mobile cellular: 8.109 million (2009 est.)	73
Internet	country code: .ao	
	hosts: 3,717 (2010)	142
	users: 606,700 (2009)	114
Transportation		
Airports	193 (2010) – Angola Int. Airport opened 2010	32
	with paved runways: 31	
	with unpaved runways: 162	
Pipelines	gas 2 km; oil 87 km (2010)	
Railways	2,764 km	59
Roadways	51,429 km	79
Ports and terminals	Cabinda, Lobito, Luanda, Namibe	

Data sources

Central Intelligence Agency [CIA]; *the World Factbook*. www.cia.org. Accessed: June 27 – 30, 2011