



The New Private Investment Law – How will this affect doing business in Angola?

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When the price of crude oil began to decrease in September 2014, question marks began to surface towards certain governments and their economic policies. One such country that has been in the spotlight ever since is Angola, where I have been doing business for nearly 20 years.

Oil production clearly played an integral part in Angola's GDP growth performance, during the post-civil war years, at the beginning of the millennium. The oil industry represents over 50% of Angola's GDP, and approximately 95% of its exports. With the steep decline in oil prices, the 2014 exportation of oil in Angola faced a decrease of €5billion in relation to 2013. The country has been undergoing major reforms to increase essentially non-oil tax revenues since 2010. In this article, I wanted to focus on the New Private Investment Law (NPIL), (Law 14/15, of 11 August 2015).

The recent economic situation facing Angola has influenced the way the NPIL was prepared and approved. The oil crisis has had a huge impact on the lack of foreign currency in the country. To put it bluntly, a dollar injection was needed. The recent foreign exchange regime that was implemented to improve the oil sector clearly wasn't enough. In 2003, after the civil war, foreign investments started to increase in Angola, culminating in the Private Investment Law of 2011, requiring a minimum of 1 million dollars. I would often have conversations with contacts and clients who were put off by this initial investment, which prevented them from doing business in Angola. The good news is that the NPIL of 2015, has made some positive changes, amongst other things apparently opening up the market to SMEs.

Here is a brief summary of the key points of the new NPIL:

- Foreign investors will, in principle, be able to make investments lower than 1 Million USD and remain entitled to repatriate profits and dividends. Given this development, small to medium sized businesses may reconsider investing in Angola.
- The right to repatriate profits will be dependent on the implementation of the investment project and complying with tax obligations.
- The power to approve projects and contracts will lie with the Ministries, related to the relevant business sector. This should ensure investment projects are approved more efficiently.

Whilst this is a positive step forward, as Angola needed to add liquidity into its markets, the authorities position and practices that will be followed, are still to be confirmed regarding how the law will be applied.

About the Author



Ana Margarida Maia is a partner at Miranda, a full service law firm based in Lisbon, Portugal. Miranda Law Firm is the founding member of the Miranda Alliance, a network of legal practices spanning 17 jurisdictions across five continents.

Margarida is a graduate of the Lisbon University Law School (1995). Admitted in 1997. Joined the Firm in 1998. After completing her law studies, Margarida joined Botelho Moniz, Magalhães Cardoso, Marques Mendes e Ruiz as a trainee, where she continued as an associate until 1998. In this firm, Margarida acquired experience in the areas of corporate and commercial law.

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