



MASTERING YOUR MARKET UNDER AFCFTA - ANGOLA

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OVERVIEW OF ANGOLA

Angola has a population of about 32 million and it is the seventh largest country in Africa in terms of land mass. It is the tenth largest economy in Africa, and it is classified as a lower middle-income country. It is located in the South African region, surrounded by countries like DR Congo, Zambia and Namibia. The sales of crude oil and its derivatives accounts for over 80% of its export revenues of the revenue. Angola is among the Southern African Development Community (SADC) countries. The market opportunities and the demographics of the country has made this African market to become a place to explore by African exporters under AfCFTA.

ECONOMIC SNAPSHOTS

Angola has a coastline of 1,600km and a predominantly a Roman Catholic and Protestant country. Portuguese is the official language, Umbundu and Kikongo are other languages spoken in the country. It is a lower middle-income country with a per capita income of about \$3,038 (2019 est.). The GDP was about \$62.31 billion in 2020, 80% was attributed to household consumption. Services contributed 46.8% of the GDP while agriculture and industry contributed 10% and 42.2% respectively (2017). The inflation rate is 15% (2020 est.), the literacy



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ECONOMIC SNAPSHOTS

rate is 71.1%, while 66.47% of the country's population is between 1-24 years of age.

The major agricultural products produced in Angola include Banana, Sugarcane, Coffee, Corn, Cotton, Cassava, Tobacco and Livestock while the industries in the country produce Petroleum, Cement, Metal products, Brewing, Tobacco products, Sugar, and Textiles.



MARKET CHALLENGES

Angola is a very difficult place to do business, going by the ranking in the ease of doing business index. Hence, to be successful, a strong local partner is highly recommended, coupled with time and commitment.

The challenges that any company that wants to do business in Angola and many African countries will need to contend with include protracted delays in custom clearance, language barriers (Portuguese-English transla-

tors needed in the case of Angola).

Some of the business challenges that are very peculiar to operating in the Angola markets include: Poor road infrastructure, the country is ranked low in access to credit, enforcing contracts, registering properties, resolving insolvency. Transparency international ranked Angola low on its corruption perception index (165 of 180 in 2018).



IMPORT PRODUCTS

In 2019, the total import volume of the Angola amounts to about **\$9.52 billion**. Some of the items imported and the amount include the following:

1. Machines - \$2.05B
2. Transportation- \$1.18B
3. Chemical product- \$773M
4. Metals- \$749M
5. Foodstuff - \$719M
6. Mineral Products—\$627M
7. Animal Products- \$593M
8. Vegetable Products\$563M
9. Plastics & Rubber -\$501M
10. Textiles- \$432M
11. Animal & Veg.- \$266M
12. Miscellaneous- \$257M
13. Footwear - \$222M
14. Stone & Glass- \$217M
15. Instruments- \$174M
16. Paper goods- \$172M
17. Animal Hides— \$27.8M
18. Wood products- \$23.5M
19. Precious Metals— \$5.54M
20. Weapons— \$1.32M
21. Art & Antiques- \$387K

The total service import volume of Angola in 2018 is about **\$9.94 billion** and some of the services imported include the following:

1. Transportation- \$3.32B
2. Other Business— \$2.68B
3. Const. Serv. \$1.89B
4. Personal Travel- \$487M
5. Insurance serv.- \$394M
6. Financial Service- \$383M
7. Govt. services— \$318M
8. Royalty and Licen.-\$247M
9. Personal & Culture -\$105M
10. Computer & Info- \$104M

MARKET OPPORTUNITIES

In spite of the challenges that confronts a business operating in Angola, there are lots of opportunities that can be explored by Nigerian businesses in this export market. These include the huge demand for services in the transportation sector, business services, construction, financial and insurance services and personal travels. There is also a huge opportunity in Angola for exporters who are interested in selling different manufactured goods in the Angola market. Some of the Nigerian processed Agro and manufactured products with humongous demands that is worth bil-

ions and millions of dollars in the Angola market include vegetable products, food-stuff, mineral products, paper goods, wood products, rubber and leather footwear, animal products, precious metals etc. For investments in electricity and water, tourism and hospitality, transportation and logistics, telecommunications and information technology, construction and media, the 35% local content/partnership is no longer compulsory.

MARKET ENTRY

Angola offers medium to long term business opportunity for exporters focused on the top prospect sectors.

Given the challenges in the business environment and the consistent attention needed to develop a market presence, companies should consider the necessary time and financial commitments required to succeed in Angola.

Long established presence by the Portuguese companies in Angola provides opportunities for collaboration. Also a financially strong business partner that is knowledgeable in local business procedure and well connected to target high establish businesses. The use of Agent and distributors when establishing new business in Angola.



IMPORT DOCUMENTATIONS

Documents to import requirements vary depending on the type of goods imported. In general, importers must submit invoice, bill of lading (B/L), inspection certificate the importer's import license, attestation of origin of the goods, and an animal or plant health inspection certificate before clearing goods. Importer is to engage customs registered

clearing agents to clear goods. All required documents are handled by such agents. The following goods are prohibited for imports into Angola, they include, animals and animal by-products originating from areas affected by epizootic diseases, plants originating from areas affected by epiphytic diseases, some distilled beverages, counterfeit

goods, pornography, roulette and other gambling machines, passenger vehicles over 6years from manufactured date, industrial vehicles over 10years from manufactured date, transgenic grain, and seeds.



SELLING FACTORS

The Angola economy does not have an adequately developed system of distribution, having gone through a civil war 17 years ago. Finding a Distributor or an Agent in Angola is one of the best ways to do business in Angola, this is due to their ability to handle business development across the country. The selected local partner

should be of a strong financial standing, have the capacity to stock inventories and after-market parts, and be able to provide technical support for the specific product. Another good quality the local partner should have is the ability to navigate complex import process and demonstrate a strong existing end user client ties, especially if the target

client is the government of Angola. The causative factor for the high market prices is the inflation figures. The central bank of Angola via its monetary policy is seeking to quell the effect of the inflation trends on the economy. The result, being a steady decline in inflation figures from 23%(2017) to 16.9% (2019).

PAYMENT & EXCHANGE

Generally, Exporters have experienced few problems in getting payment from Angola companies, this is due to the scarcity of foreign exchange in the country. In June 2018, the Central Bank of Angola announced that letters of credit would be the preferred financial instrument for import and export transactions, and that letters of credit would be man-

datory for transactions in excess of 100.000 Euros. In spite of the guarantee offered by a letter of credit, higher cost and a 3-4month lead time have been a major frustration for most importers.

BUSINESS CULTURE

A simple handshake is very common during greeting. It is best slightly bow your head when greeting an older person or someone of a higher position. There might be a first and a second meeting. The first is generally held in order to get to know you better, it would be wise to avoid setting an agenda for the meetings. Women are not expected to look directly into the eyes of the other person, though this

do not apply so much to younger Angolans who live in the cities.

When addressing government officials, it is better to address them as “Excellency” or “Excelencia” without using their surname.



"The Local partner must be competent and credible agent or distributor, that has a very sound industry knowledge."



IN CONCLUSION

The Angola market offers a great opportunity for African businesses to sell their products and services under the AfCFTA.

However, any business looking to enter this market must be ready to make capital commitment and invest time and effort in making it a success. It is also important to put the necessary structure in place to mitigate the risks

posed by the challenges in this market. This is why sourcing for a local partner and doing due diligence before engaging them becomes extremely important.

Finally, exploring avenues that allows an exporter to showcase the value of its products or services in this export market through channels like social media and billboard Ads and other mass

media platforms like radio or television should be explored.

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