

# EU statement at the Trade Policy Review of Angola, 22 & 24 September 2015

*Statement by Ambassador Marc Vanheukelens*

I would first like to welcome the Delegation of Angola, led by Rosa Escórcio Pacavira de Matos, Minister of Trade. My appreciation is extended to the Discussant, H.E. Mr. Xavier Carim (South Africa), for getting us started today with his remarks.

Mr. Chairman, this is Angola's second review and I would like to start by noting that, since the last review, the Angolan economy witnessed strong growth as also acknowledged by the UN, which has proposed Angola's graduation to Middle Income Country status (in 2018).

Nevertheless, the EU recognizes that Angola is currently going through a difficult economic period due to lower international oil prices and to Angola's too large oil-dependent economy.

Let me note that the need to revitalise and diversify Angola's economy was already highlighted at the last trade policy review, when Angola was encouraged to give trade a central role in its development strategy, particularly in revitalizing the non-oil sectors of the economy, and to avoid inward-looking trade policies as a long term solution.

The EU appreciates the objectives set out by Angola in its National Development Strategy "Angola 2025". It represents a good step in the direction of structural economic reforms and of creating a better business environment to attract FDI. It also helps establishing the necessary legal framework for promoting the modernisation and diversification of the economy as well as for promoting a more inclusive distribution of wealth.



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The EU also welcomes Angola's efforts to create the necessary conditions for the acceptance of the Trade Facilitation Agreement and encourages the government to notify its category A commitments and start the internal process necessary to lead to the ratification of the Agreement without delay. This would allow the EU as well as other donors to clearly identify Angola's needs for providing tailored and adequate technical and financial assistance.

A word, Mr. Chairman, on our bilateral relationship. Angola is an important economic market for many European companies. The EU is the second largest trading partner of Angola globally. According to the latest data from 2013, the EU is the main source of imports (37.2% market share) and second largest export destination (17% of Angola's sales). In regional terms, Angola is now the second largest trading partner of the EU in Southern Africa and investment flows have also been gaining importance.

Moreover, the EU continues to be the biggest direct donor for development aid in Angola. In the 11<sup>th</sup> European Development Fund, covering the period 2014-2020, an envelope of €210 Million has been proposed for Angola.

Mr Chairman, the EU would like now to raise a few concerns.

Let me start with a general remark. In EU's view, Angola needs to improve its business environment, to limit protectionism and to respect WTO rules; otherwise the current difficult business environment will deter investors outside the hydrocarbons sector.

Let me now stress a few of the issues that the EU raised also in its written questions and that are considered and confirmed by EU operators as obstacles to trade.

First of all, the introduction of a higher tariff structure has led to an increase in consumer prices and is restricting imports.

Secondly, the announced revision of the Private Investment Law gives reason for concern: new taxes on the repatriation of capital and the tendency to promote national instead of foreign investment could create serious barriers to FDI's. The EU would encourage Angola to simplify its legislation in respect to the WTO rules.

Thirdly, we are concerned by the Executive decree No 22 of 23 January 2015 that regulates the importation and distribution and sale of food/non-food products where domestic supply covers 60% of national consumption. The EU believes that this decree is not in compliance with Angola's WTO commitments and has accordingly informed Angola of its views. The Angolan Ministry of Trade has on 7 September confirmed in writing that this decree will be amended to bring it in line with WTO

rules. I hope Angola will now confirm this and clarify when it expects to notify this measure to the WTO.

Then, the new Angolan legislation that requires shipping agencies to be exclusively owned by Angolan nationals creates a real problem to foreign shipping agencies. The EU would like to express its concerns on these provisions and, in this regards, the EU is wondering whether Angola is envisaging any amendments to this decree.

Finally, the EU understands the interest of Angola for the development of its industrial fisheries sector; however, this needs to be put in place in a transparent manner and in the respect of the sector's sustainability.

The EU is confident that our meeting will help Angola in reviewing its own policies so as to ensure that they are most favourable for attaining its economic objectives while respecting its international commitments in this forum.

We would like to thank Angola for the responses to the questions we have previously submitted in writing.

On behalf of the EU, I look forward to a constructive exchange of views during this review. I wish Angola's Delegation the utmost success during its Trade Policy Review.