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ANGOLA

NEW FOREIGN EXCHANGE REGIME FOR THE DIAMOND SECTOR

The Angolan Central Bank (*Banco Nacional de Angola* – “**BNA**”) has enacted BNA Order 13/20, of 29 May 2020, establishing a new foreign exchange regime for the diamond sector (repealing BNA Order 2/03, of 28 February 2003, which established the foreign exchange regime for diamond producers and holders of other mineral rights).

Highlights:

- The sale of diamonds to non-resident entities must be made in foreign currency and deposited into a foreign currency bank account opened with a bank domiciled in Angola.
- The sale of diamonds to resident entities must be made in Kwanzas, **unless otherwise agreed between the seller and the buyer** (cut diamond wholesalers and jewelry stores do not benefit from this possibility).
- The acquisition of local goods and services and payment of local taxes, fees and other fiscal contributions must be made in Kwanzas.
- The sale of foreign currency for settlement of local obligations by industrial diamond producers, the public body for marketing of diamonds and the national concessionaire must observe the rules set forth in BNA Instruction 2/20, of 30 March 2020.
- The proceeds resulting from the exportation of diamonds not converted into Kwanzas for payment of local goods, services, taxes, fees and other fiscal contributions can be kept in local foreign currency bank accounts and used for payment of services and goods overseas, payments to foreign shareholders or other payments due in foreign currency.

- Settlement of foreign exchange operations for payment of goods and services overseas must be made out of local foreign currency bank accounts.
- Settlement of foreign exchange capital operations (e.g. payment of dividends or profits abroad) continue to be made pursuant to and in accordance with the general foreign exchange rules and procedures applicable to foreign investment, capital operations and other related incomes.
- Diamond producers/exporters are only allowed to buy foreign currency to settle foreign exchange operations after depletion of the funds of their local foreign currency bank accounts.
- The opening and operation of bank accounts overseas by resident diamond producers/exporters continues to be subject to BNA's authorization (escrow bank accounts for debt service purposes included). Yet, the contracting of foreign financing facilities for export-oriented projects – which covers all diamond projects – are no longer subject to BNA's prior authorization, provided the reimbursement of such facilities is secured by the proceeds resultant from the exportation of diamonds. The debtor must, nevertheless, submit a copy of the financing facility to BNA's Foreign Exchange Control Department for registration purposes only.

BNA Order 13/20 shall enter into force 30 days after its publication in the Angolan Official Gazette (29 May 2020).