



Africa In Focus

Issue 3

May | June 2013

Welcome to **Africa In Focus**,

We are most pleased to release the third issue of *Africa In Focus*.

Our aim with these bi-monthly brief reports is to provide you with an update on relevant news and key legal issues pertaining to Africa which may be of interest to you and to your business, complemented, whenever pertinent, with overviews on regulatory developments in the Angola and Mozambique jurisdictions.

Let us share with you, in this edition, the latest news on Oil&Gas business in Mozambique and some of the main reasons why this market has become so incredibly dynamic. We will also be speaking about Angola and the opportunities underlying the proclaimed privatisations which are capturing the attention of private investors.

We have also included several articles we wrote on African matters. If you feel there are developments of information you have read in these documentation, as well as comments or suggestions you would like to make, we would be very glad to hear from you so please let us know by emailing africaninfocus@vda.pt.

With very best wishes,

VdAtlas

Oil&Gas is one of the most active and resilient sectors for M&A globally, and Mozambique has significantly contributed to those statistics.

Mozambique is still considered the hot spot in what gas is concerned. Recent discoveries, estimated in more than 150 trillion cubic feet of natural gas, have turned the Rovuma offshore fields led by Anadarko and ENI into a major draw for global energy players. This event, along with other relevant occurrences, has made this market incredibly dynamic.

Earlier this year, China National Petroleum Corp. Ltd. (CNPC) announced the intention to acquire 28.57% of ENI East Africa, a deal which gives CNPC a 20% stake in a natural field offshore Mozambique in Area 4, for USD 4.2 billion. The deal is still waiting the approval of the Government particularly on tax issues – the decision of the Government being a relevant indicator in future transactions.

Furthermore, on March, Anadarko and Videocon – holding, respectively, 36.5% and 10% of another important natural gas field off coast of Mozambique, so called Area 1 – have announced each the sale of 10% of their shareholdings. As already vented, the Indian companies Oil & Natural Gas Corp. (ONGC) and Oil India Ltd. (OINL) will buy Videocon's participation for USD 2.5 billion, therefore the deal for the 20% stake may achieve from around USD 5 billion to USD 6 billion.

While the word is being spread about the natural gas reserves that Mozambique holds and its potential to become one of the world's leading exporters of this commodity, Statoil ASA (STL) and Tullow Oil Plc (TLW) have announced, on last June, that the well test which is being completed may lead to the first commercial oil discovery in Mozambique and is expected to reach 200 billion barrels of oil.

The excitement around these processes is very much revealing of the current conjuncture Mozambique is living and, certainly, a sign that this country has already a leading role on the global Oils & Gas sector.

The potential of privatisations in Angola – Property is capturing the attention of private investors

Angola's Government has announced that over 30 companies held by the state will be sold during the next 5 years. The activities of such companies – operating mainly in the industry, tourism, civil and construction sectors –, although considered as non-strategic for the state business sector, are well expected to contribute for economic growth once in the hands of private investors.

The market is aware that the main purpose of these privatisations is to reduce the

- [Mozambique: Report On The Oil & Gas Market](#)
- [The potential of privatisations in Angola – Property is capturing the attention of private investors](#)
- [News](#)
- [Legal Observatory](#)
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weight of these companies in the state finances, by cutting off costs and subsidies, and also the high dependency of Angola's economy on crude oil production. Therefore, the appeal for these deals has been focused, at least from the foreign perspective, in the interesting commercial conditions that presumably will be offered to capture investment not only in what pricing and taxation issues are concerned but also in the friendly environment which is expected to be provided for the development of the business activities of these companies from a bureaucratic point of view, the hurdles of which are commonly seen as a key-factor for investments in Angola.

However, underlying the proclaimed privatisations lays another opportunity which has been seen, locally, as the real eye catching drive of the business: land.

Angola, especially Luanda, ranks as one of the most expensive locations in Africa in view of the exponential growth of its economy in the past years, in particular due to the booming oil business. Significant efforts have been made by the Government, with several successful cases to tell, in order to diversify the interests and business in this African market and reduce the cost of living, but the price of property remains high.

Some of the companies which will be sold in the near future within the referred privatisations schemes have prime or key locations in Luanda.

A rigorous and accurate assessment of the privatization legal framework is mandatory, as well as an adequate due diligence of these companies and their rights and covenants. Nevertheless, this broadcasted sale is now capturing the attention of potential investors from different sectors seeking for opportunities in Angola and in its economic growth momentum.



“However, underlying the proclaimed privatisations lays another opportunity which has been seen, locally, as the real eye catching drive of the business: land.”

NEWS

Angola

Chevron to explore oil block on behalf of Angola and Republic of Congo

The Lianzi block has estimated reserves of 70 million barrels. Investments in the block are expected to total over US\$2.5 billion.

Source www.macauhub.com.mo

BP group to invest US\$20 billion in Angola by the end of the decade

The value of investments to be made by BP Angola will total over US\$20 billion by the end of the decade, or around US\$3 billion per year. The company planned to increase daily production from 190,000 barrels to 250,000 barrels, as a result of exploration projects it is carrying out with its partners in Blocks 15 and 17 and its reserves in Blocks 18 and 31.

Source www.angolahub.com

Mozambique

Consortium from the Netherlands to draw up water supply project for Maputo

A consortium of Dutch companies Royal HaskoningDHV and Vitens Evides International, will design a new drinking water distribution system for the northern part of the city of Maputo, covering 550,000 residents and 20,000 homes.

Source www.macauhub.com.mo

Mozambican state oil and gas company ENH to be transformed into an oil operator

Mozambican state oil and gas company Empresa Nacional de Hidrocarbonetos (ENH) will be converted into an oil operator within a maximum of 30 years.

Source www.macauhub.com.mo

Low-cost coal key driver of major Mozambique pig iron

Real estate prices stable and have “enormous potential” growth

Angola’s real estate market is experiencing a period of greater stability, which is reflected in its prices, but still has “enormous potential” growth.

Source www.angolahub.com

Sinopec Parent Buys Stake in Angolan Assets From Marathon

China Petrochemical Corp., the parent of Asia’s biggest refiner, bought a 10% stake in an oil and gas field in Angola from U.S.-based Marathon Oil Corp. (MRO) for \$1.52 billion.

Source www.bloomberg.com

Economy expected to grow by over 7% in 2013 and 2014

The Angolan economy is expected to post growth of 7.2 percent in 2013 and 7.5 percent in 2014, the World Bank said, warning of Angola’s vulnerability due to its dependence on the oil sector.

Source www.angolahub.com

Modernisation of Angolan financial driven by payments in national currency

The requirement for companies in the oil sector in Angola, as of 1 July, to pay their resident suppliers in kwanzas will contribute to the modernisation of the financial sector.

Source www.angolahub.com

Angola Wins World Bank Praise for Improving Transparency

Angola, sub-Saharan Africa’s biggest oil producer after Nigeria, won praise from the World Bank for improving controls over state finances and increasing transparency of crude sales.

Source: www.bloomberg.com

ANIP signs contracts worth over 459 billion Kwanzas

The National Private Investments Agency (ANIP) signed on Tuesday, in Luanda, thirteen investment contracts worth over 459 billion Kwanzaas (1 Usd is Akz 100), with various foreign firms.

Source www.portalangop.co.ao

New Law for State Contracts in Angola makes way for transparent processes

The New Law for State Contracts in Angola is intended to establish rules for state institutions to have transparent contracting processes, seeking out the best goods and services on the market at the cheapest prices.

Source www.angolahub.com

Government prepares investment policy for Angola’s Sovereign Fund

The fund’s 500 billion kwanzas (US\$5.183 billion), currently controlled by the Angola National Bank, will mainly be used for investments in infrastructure.

Source www.angolahub.com

Angola Plans to Merge Tax Collection and Customs Agencies

Angola, Africa’s biggest oil producer after Nigeria, plans to merge agencies for tax collection and customs by 2017 to help reduce its dependence on petroleum.

Source www.bloomberg.com

aspiration

Nearby low-cost thermal coal is a key driver in a new move to produce mine-mouth pig iron in neighbouring Mozambique, where there is also access to clean, low-tariff hydroelectric power and water..

Source www.miningweekly.com

Warburg Pincus to Invest \$600 Million in East African Oil Search

Delonex, based in London, is joining explorers seeking oil and gas in East Africa after Anadarko Petroleum Corp. (APC) and Eni SpA (ENI) found more than 100 trillion cubic feet of gas off the coast of Mozambique.

Source www.bloomberg.com

Seed cotton production in 2012/2013 expected to total 100,000 tons

The seed cotton campaign recently began in Mozambique with the Mozambican Cotton Institute setting a production target of 100,000 tons, compared to 184,000 tons in the previous campaign.

Source www.mozahub.com

Stock exchange grows 28 pct in 2012 by number of stocks listed

The stocks listed on the Mozambican Stock Exchange rose from 25 in 2011 to 32 in 2012, which was a positive performance despite the difficulties inherent to any developing country. The Mozambican state had played an active role in the capital market, mainly by issuing public debt and selling off stakes, and absorbed around 55 percent of overall funding obtained through the stock Exchange

Source www.mozahub.com

Investments in mining sector total US\$2.5 billion in 2012

Investments in the mining sector in Mozambique rose from US\$184 million in 2005 to over US\$2.5 billion in 2012. Several oil companies that partner Mozambican companies are carrying out geological surveys as part of 12 oil surveying and production concession contracts in the Mozambique and Rovuma basins.

Source www.mozahub.com

Mozambique trims 2013 growth forecast to 7 pct

Mozambique has trimmed this year’s economic growth forecast to 7 percent from 8 percent due to the impact of heavy floods that hit the southern African nation in January, according to a government report released this week. The document also said Mozambique had attracted more than \$5 billion in foreign direct investment last year, nearly 90 percent of it into the booming mining sector.

Source www.theafricareport.com

Coal India Mozambique plans to launch second phase of coal prospecting

Coal India Mozambique, a subsidiary of Indian state company Coal India Ltd. (CIL), plans to launch the second phase of coal prospecting in which it plans to invest US\$60 million following the good results of the first phase

Source www.mozahub.com

Bank of Mozambique reduces base interest rate to 9.0 pct

The Bank of Mozambique has reduced the interest rate on its

Iron ore production in Angola due to begin in 2017

Iron ore production at the Cassala/Quitungo mining project, in Angola's Kwanza Norte province, is due to begin in 2017, and it is expected that initial output will amount to at least 6Mtpa.

Source www.miningreview.com

Angola LNG starts exports, first cargo sails to Brazil

Angola's much-delayed liquefied natural gas (LNG) project has started exports, with the first cargo shipped to Brazil.

Source www.engineeringnews.co.za

Angola proposes to extend continental platform in 2013

Angola plans this year to put forward a report to allow it to extend its continental platform to beyond 200 nautical miles, based on the United Nations Convention on the Law of the Sea (UNCLOS).

Source www.angolahub.com

Malanje Gains New Electric Station

New electric station will start functioning late this year in northern Malanje province, following the installation of seven generators to cover the deficit of energy facing the region.

Source www.allafrica.com

Angola is seventh-biggest destination for foreign investment in Africa

Angola was the seventh-largest destination for foreign direct investment (FDI) in Africa and the third largest destination in sub-Saharan Africa, according to a report from the Ernst & Young consultancy analysing capital flows into Africa since 2003.

Source www.angolahub.com

Secondary debt and business market may be launched

Trading of public debt bonds on the secondary market in Angola may begin this year.

Source www.angolahub.com

Capitalisation of future Angolan Stock exchange expected to total around 10 pct of GDP

The capitalisation of the future Angola Stock exchange may total around 10 percent of the country's gross domestic product (GDP).

Floating some shares is one of the requirements for companies to be listed, as well as being required to do business in a strict and transparent way. The Angolan stock exchange is due to start operating in 2016.

Source www.angolahub.com

Angola's oil exports in March are highest since 2010

Angola's oil exports in March rose almost 10 percent to 1.74 million barrels per day against February, which was the highest amount since 2010, according to the Organization of Petroleum Exporting Countries (OPEC).

Source www.africanfinancialnews.com

Portugal and China are becoming increasingly important for trade relations with Angola

In the March report on the Angolan economy, analysts from the Portuguese bank BPI noted increased Angolan trade with China and Portugal. China purchases most of Angola's exports, which are essentially made up of crude oil.

permanent loan liquidity facility by 50 basis points to 9.0 percent and the required reserve rate by 50 basis points to 1.75 percent, the Mozambican central bank said Monday.

Source www.mozahub.com

EU supports Mozambique's path to development

The European Commission will fund three projects in Mozambique that will potentially provide 50,000 people with access to clean water; increase trade opportunities by improving an international transport corridor, and support the finalisation of the construction of two hospitals.

Source www.europa.eu

Mozambique and South Africa sign ports agreement

South Africa's Transnet National Ports Authority (TNPA) and Mozambique's Maputo Ports Development Company (MPDC) have this week agreed a memorandum of understanding (MoU) to pave the way for greater collaboration between the two port authorities.

Source www.porttechnology.org

Mozambique will have Africa's second largest growth

Mozambique's Gross Domestic Product is expected to grow by an annual average of 6.88 percent between 2012 and 2017, according to projections published recently by the Ernst and Young consultancy.

Source www.mozahub.com

New strategy to improve business climate

The new Strategy to Improve the Business Climate (EMAN II) in Mozambique, is intended to simplify commercial procedures and improve the competitiveness of the Mozambican economy.

Source www.mozahub.com

Framework agreement on investment signed with Japan

Mozambique and Japan will sign a framework agreement on investments in the energy and mining sectors.

Source www.mozahub.com

International partnership studies forestry investments

A partnership of the Eccotopia group and Pacific Tree West is analyses potential locations for forestry projects in Mozambique.

Source www.mozahub.com

Government prepares new tenders for oil and gas prospecting

The Mozambican government is adding to the country's geological database with a view to launching, this year, new tenders for concession of oil and gas prospecting blocks.

Source www.mozahub.com

Steel factory to be built on the outskirts of Maputo

A factory to manufacture iron and steel products is due to be built in Mozambique at the Beluluane Industrial Park, in the Boane district of Maputo. The project would initially cost US\$100 million.

Source www.mozahub.com

Vale Moçambique re-launches coal exports via port of Beira

Vale Moçambique has once again started shipping coal mined in Tete province along the Sena railroad to the port of Beira.

Source www.angolahub.com

National Bank limits international remittances to US\$20,000 per year

International remittances in Angola will be limited to a maximum of 500,000 kwanzas (US\$5,191) per month and 2 million kwanzas (US\$20,765) per year per payer and per beneficiary according to the new rules set out by the National Bank of Angola.

Source www.angolahub.com

Angola's economic growth to remain robust

The Angolan economy will continue to post robust growth over the next few years, with expected average annual gross domestic product (GDP) growth of 7.1% in the 2013-2017 period.

Source www.afribiz.info

Source www.mozahub.com

Government plans to build wind farm in Inhambane

The project, which was inaugurated by the Mozambican President in 2010, included construction of a wind farm in the province, which would take advantage of the natural conditions of the coastal area of Praia da Rocha.

Source www.mozahub.com

Japan to provide \$2 billion to Africa resources projects

A number of Japanese firms have been participating in resources projects in Africa, including Mitsui & Co's (8031.T) LNG project in Mozambique and Nippon Steel & Sumitomo Metal Corp's (5401.T) coking coal project also in Mozambique.

Source www.reuters.com

LEGAL OBSERVATORY

Angola

Capital Markets Committee

Presidential Decree 54/13 of 6 June 2013, approves the Organic Structure of Capital Markets Committee

Mining rights

Order 1393/13 of 5 June 2013, sets forth that access to mining rights for mineral exploitation for construction and mineral-medicinal waters purposes must comply with the requirements established in article 332. of the Mining Code

Oil | Ex-Refinery prices

Executive Decree 194/13 of 4 June 2013, approves the breakdown indexes of refined crude oil products to the calculation of Ex-Refinery prices

Regulation of sole shareholder companies

Presidential Order 49/13 of 27 May 2013, creates a Working Group to present the Draft Regulation of sole shareholder companies

Construction of the System Associated to the Second Central of Cambambe

Presidential Order 49/13 of 15 May 2013, approves the agreements relating to the Project for Construction of the System Associated to the Second Central of Cambambe and authorizes the Minister of Finance to sign the Financing Agreement and secure the required financing to implement the project

Oil Industry | Environmental Rates

Joint Executive Decree 140/13 of 13 May 2013, approves the calculation basis of the rates applicable to environmental projects in the oil industry, given to high risk, operational characteristics and volume of investments required to carry out oil activities

Mozambique

Competition legal framework | Glossary

Glossary mentioned in Law n. ° 10/2013 of 11 April 2013, establishes the Competition legal framework

Contingency Plan for Credit Institutions

Notice 2/GBM/2013 of 11 June 2013, approves the Contingency Plan for Credit Institutions which establishes a set of measures to prevent or minimize the occurrence of disturbances and / or financial crises in the banking system

Grant Agreement | Corridor of Road of Nacala - Phase III

Resolution 35/2013 of 6 June 2013, ratifies the Grant Agreement entered into between the Government of the Republic of Mozambique and the African Development Fund on 15 March 2013, amounting to UA 180 000.00 to finance the Project of the Corridor of Road of Nacala - Phase III

Credit Agreement | Corridor of Road of Nacala - Phase III

Resolution 34/2013 of 6 June 2013, ratifies the Credit Agreement entered into between the Government of the Republic of Mozambique and the African Development Fund, on 15 March 2013, in the amount of UA 38 650 000.00 to finance the Project of the Corridor of Road of Nacala - Phase III

Bank of Mozambique | Statement of Commitment to Banking Intermediation in the Export of Goods

Notice 1/GBM/2013 of 14 April 2013, establishes the Statement of Commitment to Bank Intermediation of Export of Goods, as well as the procedures to its effectiveness

WRITING ABOUT

A local influence

31 May 2013, VdAtlas | Iberian Lawyer

Nuno Castelão talks to the Iberian Lawyer

Nuno Castelão talked to the Iberian Lawyer about Angola's flourishing economy and how this is affecting the legal market bringing Portuguese law firms into Angola, namely VdA, which through its international platform, VdAtlas, is following up several investment projects in the country.

[See VdA News and Media](#)

The state of legal advising in Angola and Mozambique

July 3, 2013, Diário Económico | VdAtlas

Nuno Castelão talks to Diário Económico

"There are international players investing in lusophone Africa which by the level of the sophistication of their transactions demand legal advising to the highest international standards" told Nuno Castelão, Head of International Relations at VdA to Diário Económico newspaper regarding VdA's growing activity in these markets through its international platform, VdAtlas.

New investment frontiers: Angola and Mozambique

Iberian Lawyer | Agenda Africa Forum 2013

Paulo de Barros Batista, partner at VdA, is a guest speaker at the conference 'New investment frontiers: Angola and Mozambique' under organization of the Iberian Lawyer, to be held in London, at Chatman House on 11th April.

Paulo de Barros Batista will be delivering a talk under the title 'Different models of financing projects' in which he will focus on infrastructures, its models and types of financing according to the specific legal system of Mozambique, alluding to VdA's experience in the sector in the scope of the firm's international platform, VdAtlas.

[See VdA Events](#)

Lusophone Africa

12 June 2013, VdAtlas | Iberian Lawyer

Nuno Castelão talks to the Iberian lawyer

The key challenge in any new market is to align the firm's strategic goals with the realities on the ground says Nuno Castelão, quoted by the Iberian Lawyer in an article on Lusophone Africa regarding which VdA's Head of International Relations had the opportunity of referring to VdA's international platform, VdAtlas.

[See VdA News and Media](#)

Lawyers follow clients abroad

June 26, 2013, VdAtlas | Expresso

Nuno Castelão talks to Expresso newspaper

Nuno Castelão, Head of International Relations at VdA talked to Expresso newspaper about the exponential growth of the firm's activity in Lusophone Africa, namely in Angola, Mozambique, São Tomé and Príncipe and Cape Verde to where the firm has followed up national and international clients in their investments in the Telecoms, Energy and Financial sectors.

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