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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

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Stimulating industrial recovery

Prepared by the
Regional and Country Studies Branch

1/

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PREFACE

This Industrial Development Review is one of a series of country studies prepared by the Regional and Country Studies Branch of the United Nations Industrial Development Organization (UNIDO).

The Reviews present brief factual and analytical surveys of industrial development in developing countries. Such industry-specific Reviews are in demand for a variety of purposes: to provide an information service to relevant sections within UNIDO and other international organizations and aid agencies concerned with technical assistance to industry; to be used as a reference source for financial organizations, public and private industrial enterprises, and economic research institutes in developed and developing countries; and to serve as a handy, useful information source for policy-makers in developing countries. The Reviews do not represent in-depth industrial surveys. With an exclusive focus on industry they present information and analyses on the broad spectrum of the industrial development process in the countries concerned in a condensed form.

The Reviews draw primarily on information and material available at UNIDO headquarters from national and international sources as well as data contained in the UNIDO data base. Generally, specific field surveys are not undertaken. The presentation of up-to-date information on sub-sectoral manufacturing trends is usually constrained by incomplete national data on the industrial sector. To supplement efforts under way in UNIDO to improve the data base and to monitor industrial progress and changes on a regular basis, it is hoped that the relevant national authorities and institutions and other readers will provide comments and further information. Such response will greatly assist in updating the Reviews.

The present Review was prepared on the basis of information available at UNIDO headquarters by early-1988. It is divided into two rather distinct parts. Chapters 1 and 2 are analytical in character, giving first a brief overview of the country's economy and its manufacturing sector and then a more detailed review of the structure and development of its manufacturing industries. Chapter 3 reviews policy measures relevant to industrial development and presents information on the more important governmental and other institutions involved in industrial development. Chapter 4 contains information on Angola's endowment for industrial development and identifies crucial areas requiring technical assistance. The present Review is issued as a "restricted document" in view of unavailability of details pertaining to a series of reforms and new laws which have recently been passed as part of the economic and financial restructuring programme (SEF). The final version of the Review will incorporate details of the new legal framework governing investment and the findings of the ongoing UNIDO Industrial Rehabilitation Survey.

It should be noted that the Reviews are not official statements of intention or policy by governments nor do the views and comments contained therein necessarily reflect those of the respective governments.

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Regional classifications, industrial classifications, trade classifications, and symbols used in the statistical tables of this report, unless otherwise indicated, follow those adopted in the United Nations Statistical Yearbook.

Dates divided by a slash (1986/87) indicate a crop year or a financial year. Dates divided by a hyphen (1986-1987) indicate the full period, including the beginning and end years.

References to dollars ($) are to United States dollars, unless otherwise stated.

Totals may not add precisely due to rounding.

In Tables:

Three dots (...) indicate that data are not available or not separately reported;
Two dashes (—) indicate that the amount is nil or negligible;
A hyphen (-) indicates that the item is not applicable.

Basic indicators and graphical illustrations of manufacturing trends contained in this Review are based on data sourced from the UNIDO data base, international organizations, commercial and national sources.

The following abbreviations are used in this document:

EDF	European Development Fund
EC	European Community
EIB	European Investment Bank
GDP	Gross domestic product
GNP	Gross national product
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification
Kz	Kwanza
MVA	Manufacturing value added
OPEC	Organization of Petroleum Exporting Countries
SADCC	Southern African Development Co-ordination Conference
SEF	Economic and Financial Restructuring Programme
SITC	Standard International Trade Classification
TCDC	Technical Co-operation among Developing Countries

BASIC INDICATORS 1

The economy

GDP (1985)	:	$3,362 million[a/]
Population (1986)	:	8.98 million[a/]
Labour force (1985)	:	4.7 million[a/]
Area	:	1,247,000 square kilometers
Density of population (1986)	:	7 persons per square kilometer
GDP per capita (1986)	:	$382[a/]

Growth of GDP (per cent) :

1980	1981	1982	1983	1984	1985	1986[a/]	1987[a/]
4.8	-2.0	5.4	1.5	2.5	5.2	0.7	-2.0

Structure of GDP (percentage) :

	1983	1985
Agriculture and livestock	12.4	7.8
Fisheries	1.9	1.9
Petroleum	28.0	30.9
Manufacturing and mining	8.1	13.1
Construction	2.6	3.1
Other	47.0	43.2

Exchange rate (Kwanza equivalents to US$1) :

1983	1984	1985	1986	1987	July 1988
29.92	29.92	29.92	29.92	29.92	29.92

a/ Provisional estimate.

BASIC INDICATORS 2

Resources

Agricultural production (1985) (in tons, marketed by State bodies)	:	Bananas (21,0947), vegetables (16,982), coffee (13,686), maize (11,935), potatoes (5,309), dry cassava (5,522), beans (2,398)
Livestock (1984) ('000 number)	:	Cattle (3,350), sheep (245), goats (955), pigs (460)
Fishery production (1983) ('000 tons)	:	Freshwater and diadromous (8), marine fish (104)
Forestry production (1983)	:	Fuelwood and charcoal (7.7 million cubic meter), industrial roundwood (1.3 million cubic meter), sawnwood and panels (190,000 cubic meters), paper (13,000 tons)
Mineral resources (1985)	:	Gem diamonds (750,000 carats), industrial diamonds (250,000 carats), Luanda ore diamond deposits (0.6 carats/m^3), iron ore (24.2 million tons[a/]), phosphate reserves (150 million tons), coal and lignite reserves (500 mt)
Oil production (1988)	:	490,000 barrels per day[b/]
Natural gas reserves (1984)	:	37 billion m^3

a/ Estimated reserves at Kassinga North (2.7 mt) and Kassinga South (21.5 mt).

b/ Preliminary estimate.

BASIC INDICATORS 3

Foreign trade and balance of payments

Exports (1988)	:	$2.35 billion[a/]
Principal exports (1987) ($ million)	:	Oil and oil-related products (1,999.5), coffee, diamond, timbers, etc (150.5)
Main destinations (1985) (percentage)	:	United States (43.4), Spain (11), United Kingdom (10.3), Brazil (6.2), Portugal (3), other (26.1)[a/]
Imports (1987)	:	$1,275 million[a/]
Principal imports (1987) ($ million)	:	Military equipment (637.5), food and essential consumer goods (421), industrial inputs (204)[c/]
Origins of imports (1985)	:	Portugal (13.2), France (11.2), Brazil (10.7), Netherlands (7.2), United States (7.1), other (50.6)[b/]
Balance of payments (1987) (current account deficit)	:	$447 million
External debt (January 1988)	:	$5 billion
Debt service ratio (1987) (as per cent of export earnings)	:	50 per cent

a/ Preliminary estimate.

b/ 1985.

c/ Data on direction of trade destined to and originating from CMEA countries are not available.

BASIC INDICATORS 4

The manufacturing sector

MVA (1987)	:	$82.1 million[a/]
MVA per capita (1986)	:	$9.6
Growth of MVA (per cent)	:	1980: 5.1; 1981: 41.5; 1982: 2.2; 1983: 7.3; 1984: 11.8; 1985: 14.3; 1986: 2.6; 1987[a/]: -7.5
Composition of MVA by end-use	:	Food industries: 1980 21.7, 1987 23.4; Light consumer goods: 1980 59.4, 1987 49.8; Heavy industries (intermediate and capital goods): 1980 18.9, 1987 26.8
Value of refined petroleum products (1984) (Kz million)	:	Petrol (31.8); Kerosene (0.1)[b/]; Gas oil (10.0); Fuel oil (2,683.5)
Value of non-oil exports (1985) ($ million)	:	Coffee (55), diamonds (33), timber (4)
Value of manufactured exports[c/] (1981)	:	$224.9 million
Share of manufactured exports in total exports (1981)	:	12 per cent
Share of industrial inputs in total imports (1985)	:	16.6 per cent

a/ Preliminary estimate.

b/ 1981.

c/ SITC 5-8 less 67 and 68.

BASIC INDICATORS 5

Inter-country comparison of selected indicators

	Unit	Angola	Botswana	Lesotho	Mozambique	Tanzania	Zimbabwe
I. Demographic indicators							
Population (1985)	million	8.8	1.1	1.5	13.8	22.2	8.4
Population growth (1980-1985)	per cent per annum	2.5	3.5	2.7	2.6	3.5	3.7
Infant mortality (1985)	per thousand	43	71	106	123	110	77
Area	thousand kms^2	1,247	600	300	802	945	391
Density	persons/kms^2	7.1	1.8	50	17.2	23.5	21.5
II. Economic indicators							
GDP (1985)	US$ million	4,844	830	260	3,230	5,600	4,530
GNP per capita (1985)	US$	535	840	470	160	290	680
GDP growth rate (1980-1985)	per cent per annum	2.5	12.1	0.5	-9.6	0.8	2.5
Agriculture (1985)	per cent GDP	7.8[a/]	6	24	35	58	13
Industry (1985)	per cent GDP	30.9[b/]	49	24	12	9	43
Manufacturing (1985)	per cent GDP	8.0	8	13	4	5	29
Services (1985)	per cent GDP	48.0	46	52	53	33	44
Exports of goods (1985)	per cent GDP	44	...	8	5	5	23
Gross domestic investment (1985)	per cent GDP	9	21	...	7	13	23
External public debt (disbursed) (1985)	per cent GDP	56	40	66	45	64	47
III. Industrial indicators							
MVA (at 1980 prices) (1985)	$ million	86	74	24	236	387	1,403
MVA growth (1980-1985)	per cent/annual	-0.1	3.3	6.4[d/]	-6.4	1.4	2.2
MVA share in world MVA (1985) (current prices 1980)	per cent	0.003	0.002	0.001	0.01	0.01	0.05
Share of manufactured exports[c/] in total exports (1984)	per cent	12.0[e/]	...	...	1.1[e/]	10.6	16.0[e/]

Note: Based on the World Bank data presented in the World Development Report 1987. It should be noted that the UNIDO data base, United Nations statistics, national statistics and World Bank data base do not always tally precisely and, therefore, discrepancies may be found between Basic Indicators 5, and the text and Tables.

a/ Excluding fisheries.
b/ Share of petroleum sector only.
c/ SITC 5 to 8 less (67 and 68).
d/ 1981.
e/ 1984.

SUMMARY

In the face of Angola's assured oil boom and the improved prospects for peace, the economic outlook appears more promising than at any time since independence in 1975. An ease in balance-of-payment pressure in 1988 coincides with the launching of determined national efforts to rebuild the war-shattered economy. The three-year economic and financial restructuring programme (SEF) is ushering in an era of long overdue reforms in pursuit of achieving a healthy economic growth.

The industrial sector (including mining) accounted for 13.1 per cent of GDP in 1985. The contribution of manufacturing proper, excluding mining, to GDP is relatively small and currently accounts for around 8 per cent of GDP. Manufacturing activities encompass mainly the production of consumer goods for the domestic market. The textiles and garments factories were originally built with a view to using substantial supplies of locally produced raw materials, but production inputs of these industries turned out to be primarily imports. A wide range of products of the country's heavy industry is produced almost entirely for the domestic market.

During 1960-1973 there was a spurt in manufacturing activities, with MVA in real terms growing at an average annual rate of 11 per cent. The manufacturing sector suffered marked contraction during the post-independence period and output in most sub-sectors of manufacturing is far below the levels achieved before independence. Disruption of production equipment, shortage of raw materials and an industrial investment pause contributed to the sluggish growth trends in manufacturing activities. On the eve of independence the manufacturing sector settled down to an even pace, and plunged into a process of de-industrialization thereafter, leading to a marked decline of MVA per capita from $31 in 1970 to $12 in 1984. Industrial production in 1985 represented only 54 per cent of the 1973 level of production.

Much of the marked decline in manufacturing output has been due to disruption of production installations and shortage of inputs. The extent of damage inflicted by war could be estimated with the aid of reconstruction costs. Around $20 million was invested to reconstruct part of the Luanda oil refinery after it was sabotaged in November 1981. It is estimated that about $20 million would be the minimum required for rehabilitating the Lamauri hydro-electric power plant which was put out of action in 1983. The diamond industry lost around $30 million worth of production annually since February 1984 following the closure of its most profitable Cuengo Unit. The cumulative damage to the country's physical infrastructure was estimated at $10 billion during 1981-1985. The pace of industrial expansion has been hard hit particularly by the disruption of road and rail transport.

There has been considerable variations in the growth rates achieved by different segments of Angolan manufacturing. Among the food industries, brewing and soft drinks, flour milling, baking and vegetable oil production contributed significantly to the sustained pace of expansion during most years of the first half of the 1980s. Despite erratic growth rates experienced by the light industry in recent years, the industry restored around 80 per cent

of its 1973 level of production. With the notable exceptions of radio and television set assembly, the country's capital goods and consumer durable goods industries are operating at far below the pre-independence level of output. Thus, the manufacturing sector in Angola has been run down since 1975.

The index of labour productivity for total manufacturing grew significantly during 1985 and 1986. However, it does not necessarily reflect the incidence of technical progress. Rather it is largely a reflection of a sudden increase in production from a low base, reflecting an increase in capacity utilization. Nonetheless, there is some evidence to believe that technical progress must have gone into the productive processes of some intermediate and capital goods.

Oil and oil-related products accounted for 93 per cent of total exports in 1987. The share of coffee in total export earnings fell from 26.6 per cent in 1973 to 2.6 per cent in 1985, while that of diamonds declined from 10.4 per cent to 1.6 per cent during the same period. Angola's share in intra-SADDC trade is of marginal significance. Under the prevailing political turmoil, Angola is incapable of expanding manufacturing trade with the regional market, despite the potential for intra-SADDC trade.

In allocating foreign exchange reserves to meet the import requirements of the firms, the government needs to balance efficiency and employment considerations. The closure of currently inefficient industrial units could cause loss of jobs. There is a strong case however for giving preferential treatment to efficient users of foreign exchange.

In the short-run manufacturing prospects depend crucially upon the restoration of peace and increased supplies of industrial inputs. An import package deal from bilateral donors seems vital for increasing capacity utilization. Industrial co-operation in the medium-term could be directed to the rehabilitation of existing industrial units and further expansion of promising industrial projects. UNIDO is addressing this issue through a rehabilitation programme.

The government endeavours to revamp the industrial incentive system with a view to attracting foreign investment. There seems to be a special need for experts assigned to on-line positions, primarily in the fields of middle-level technical and managerial functions in the wake of a dearth of skilled manpower. Major efforts in manpower planning, acquisition and efficient distribution of prerequisite input packages as well as significant logistic and organizational improvements are needed to enable the industrial rehabilitation programme to yield tangible results.

Confronted with enormous socio-economic difficulties and a virtual paralysis of the productive apparatus, the government attempts to adopt a pragmatic approach to recoup the pace of expansion in manufacturing activities. In pursuit of achieving this endeavour Angola attempts to broaden its links with regional and international organizations, as well as bilateral agencies.

UNIDO current technical co-operation projects encompass assistance to iron ore and scrap processing, establishment of an industrial information service, foundry industry development, maintenance and repair centre, pre-investment studies, assistance to the rehabilitation of bread production, techno-economic feasibility study for converting a sugar enterprise into agro-industrial complex, etc. Industrial co-operation in the medium-term may involve rehabilitation and expansion of promising industrial projects. In the long run technical co-operation in industrial development could aim at expanding the industrial base as to make optimal use of Angola's abundant agricultural and mineral resources.

Both multilateral and bilateral assistance is needed to supplement the efforts of the government in fostering the process of industrialization. The government endeavours to revamp the industrial incentive system with a view to attracting foreign investment. Substantial external assistance is deemed vital for enabling the ailing Angolan manufacturing sector to cope with existing constraints, and to stimulate industrial recovery.

1. THE ECONOMY OF ANGOLA

1.1 Recent economic trends

The year 1988 marks the beginning of determined national effort to rebuild the war-shattered economy of Angola. The three-year economic and financial restructuring programme (SEF) is ushering in an era of long overdue reforms to improve productivity, purchasing power and consumption levels. The SEF also encompasses reform of domestic economic policy, including restructuring of state-owned companies, improvement of supply systems and more price incentive policies.

Angola's economic prospects appear promising in view of the country's oil boom and improved prospects for peace. The hike in oil output seems to add considerable strength to the country's role as an oil producer.[1/] Oil production is expected to increase by almost 45 per cent in 1988, to an average 490,000 barrels a day (b/d).[2/] Export earnings for 1988 are projected at around $2 billion. Estimates for the country's crude resources have also increased substantially. Oil resources are now estimated at more than 2,000 million barrels[3/] compared with 1,700 million in 1984 and 728 million in 1980. Thus, the country's oil sector strikes a silver lining to the depressed economic clouds that severely afflicted the economy since 1975.

Following the peak in production level in 1980, the economy of Angola entered into a stage of crisis in consequence of falling production and prices of oil, copper and diamonds, which make up the overwhelming part of the country's exports. The economic losses stemming from the disruptive effects of the war are far more serious than problems emanating from volatile commodity prices.

Although it is difficult to estimate the value of damage directly caused by sabotage, bombing raids and other forms of attack on production units, reconstruction costs could provide some idea about the extent of damage inflicted by war. For example, $20 million was invested to reconstruct part of the Luanda oil refinery after it was sabotaged in November 1981.[4/] It is estimated that around $20 million would be the minimum required for rehabilitating the Lamauri hydro-electric power plant which was put out of action in 1983.

1/ Angola is currently producing about double the output of OPEC's smallest African producer, Gabon, and more than OPEC's other members Qatar and Ecuador. Angola is not a member of OPEC, and so is unshackled by the price and production controls.

2/ African Economic Digest, 6 May 1988, p.11.

3/ At production level of 400,000 b/d this is equivalent to 20 years' supply.

4/ The Economist Intelligence Unit, Angola to the 1990s, The Potential for Recovery, Special Report No.1079, 1987.

The diamond industry lost about $30 million worth of production annually since February 1984 following the closure of its most profitable Cuengo Unit. The pace of economic expansion has been hard hit particularly by the disruption of road and rail transport. The cumulative damage to the country's physical infrastructure, suffered from belligerent activities carried out in Angolan territory, has been estimated at $10 billion during 1981-1985.

Production levels of most agricultural crops fell sharply, while industrial capacity utilization, with notable exceptions, has remained low. Domestic production of industrially processed food items and other vital commodities in 1985 was far below the pre-independence levels. Thus, the economy of Angola experienced an imbalanced development during the post-independence era marked by increasing economic strain.

During 1981-1983, the government opted for severe austerity measures. In February 1983, the government adopted eleven emergency programmes with a view to tackling the economic crisis. The government was successful in reducing imports by 23 per cent in 1986. Nevertheless, the country's current account deficit rose from $236 million in 1985 to $447 million in 1986. In the face of much larger than expected rise in oil earnings in 1987, the current deficit must have been reduced. With export earnings rising to $2.35 billion in 1988, compared with $2.15 billion in 1987, some easing of the balance of payments pressure seems eminent, enabling Angola to restore its pre-1986 image of creditworthiness.

Angola's foreign debt was estimated at $5 billion in January 1988. Angola still has to clear its backlog of arrears which are estimated to absorb over 50 per cent of export earnings. The government is proposing a novel refinancing strategy that would obviate the need for rescheduling. This is based on a 15-year floating rate notes issue of about $1 billion, sufficient to clear all arrears to Western export credit agencies, pay off immediately about $400 million of 1987-1989 principal repayments, provide about $130 million in fresh money and purchase $250 million worth of zero coupon bonds with a free value and maturity identical to floating rate notes. A classical rescheduling through the Paris Club requiring prior agreement with the International Monetary Fund (IMF) is not a viable alternative in view of the fact that Angola is not an IMF member country.

A series of economic reforms under the SEF programme is under way. These include the privatization of parts of the State sector, the ending of budget subsidies for loss-making parastatals, extra support for peasants, price rises and eventual price liberalization, monetary reforms to encourage domestic savings, and eventually devaluation of the Kwanza, which on the official market now fetches hardly 2 per cent of its official value of Kz 30 to $1. Viewed from the perspective of rising export earnings and economic recovery programme, the economic outlook for Angola appears much more promising than ever before in recent years.

1.2 Economic structure

Angola's population was estimated at 8.99 million[1/] in 1986, growing at an average annual rate of 2.5 per cent. Angola is a country rich in natural resources, but with severe political problems the country is increasingly

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1/ This estimate was computed by the Population Division of the United Nations in the absence of official estimates. See United Nations, Monthly Bulletin of Statistics, February 1988.

exposed to economic strains. As a result of the war inflicting serious damage on the country's non-oil economy over the last 13 years coupled with an impressive growth of its oil industry in the 1980s, Angola turned out to be almost an oil mono-export country with oil export earnings accounting for over 93 per cent of total export receipts.

The overwhelming importance of the petroleum sector in the economy is widely revealed by data pertaining to the sectoral distribution of GDP presented in Table 1.1. In 1985, the petroleum sector accounted for almost 31 per cent of GDP, compared with 28 per cent in 1983. Although the sector's share of GDP in 1985 represented a marginal decline from its share in 1982, recent developments in the petroleum sector would have increased the sector's share of GDP significantly. The hike in oil output in 1988, representing a 45 per cent increase, is well ahead of estimates published in early 1988 by the State oil concern, Sonangol. Thirty-six new wells are expected to come into production in 1988.

Table 1.1: Distribution of GDP by sector of origin, 1983-1985
(percentage)

Sector	1983	1984	1985
Agriculture and livestock	12.4	10.4	7.8
Fisheries	1.9	2.0	1.9
Petroleum	28.0	32.0	30.9
Manufacturing and mining[a/]	8.1	8.9	13.1
Construction	2.6	2.6	3.1
Other	47.0	44.1	43.2
	100.0	100.0	100.0

Source: Ministry of Planning.

a/ Mining and manufacturing appear as one heading in Angolan Statistics.

Agriculture is still the mainstay of life for about 75 per cent of Angolans. Before independence a dual agricultural system prevailed, with the existence of quasi-subsistence farming and large-scale commercial farming. When Angola attained independence in 1975, Portuguese traders fled the country and the entire commercial farming sector was brought under State ownership. The commercial plantations specialize mainly in export crops such as coffee, sisal, bananas, palm kernels, sugar, tobacco, and others. The peasantry grow most of the food crops. Table 1.1 shows that the share of agriculture and livestock in GDP fell from 12.4 per cent in 1983 to 7.8 per cent in 1985. The frequent attacks on villages and the military operations continued to cost extensive damage to agricultural operations, and frequent acts of sabotage aiming at road, rail transport and warehouses severly affected the rural economy. The consecutive fall in the share of agriculture and livestock during 1983-1985 was largely due to the fact that cereal crop production in 1985 was 17 per cent below the average of the previous five years. In 1985,

the country-wide shortfall in domestic cereal production amounted to some 335,000 tonnes. Recurrent drought, labour shortages and inadequate incentives severely hampered the production of coffee, the country's principal cash crop. Angola's current output of coffee represents a small fraction of the pre-independence level of output. The 1985 output of 13,700 tonnes accounted for hardly 7 per cent of the pre-independence annual output level of around 200,000 tonnes. Around 3 per cent of the arable land is under cultivation and 50 per cent of food is imported. Food aid pledges, including 145,000 tonnes of cereals, amounted to 187,000 tonnes for the crop year 1987/1988.

The manufacturing sector (including mining) accounted for 13.1 per cent of GDP in 1985. The contribution of manufacturing proper, excluding mining, to GDP is relatively small and currently accounts for around 8 per cent of GDP. The manufacturing sector suffered marked contraction during the post-independence period and output in most sub-sectors of manufacturing is far below the levels achieved before independence from Portugal in 1975. Apart from disruption of raw materials and production equipment, shortage of investment also contributed to the sluggish growth trends in manufacturing activities.

Gross investments, excluding investment in the oil sector, is currently estimated at 15 per cent of GDP. The State undertakes practically all investments with the exception of investment in the oil sector where the multinationals undertake the major share. Owing primarily to continued military operations, the government maintains huge defence spending.

Around 95 per cent of Angola's export earnings stem from crude oil, refined products and natural gas. About 50 per cent of Angola's food requirements are imported from abroad. Military equipment, primarily from CMEA countries, accounts for around 50 per cent of the country's total value of imports. The government accords import priority to food, agricultural inputs, consumer goods and equipment for the oil industry. The country's exports are mainly destined to the West, despite its close political ties with the CMEA countries. The majority of its financial activities lie in that direction. Angola became a signatory to the Lomé Convention in 1985, with a view to increasing its links with the European Community (EC). The opening of a Delegation of the EC in Luanda in 1986 was aimed at creating opportunities for joint ventures in manufacturing.

1.3 An overview of the manufacturing sector

During the transition to independence since 1975, the manufacturing sector was run down and until recently only partial progress has been made in restoring the pre-independence production levels. Most manufacturing was in the hands of non-Angolans, and with the Portuguese exodus mostly in 1975 several factories were abandoned, leading to heavy loss of managerial and technical skills.

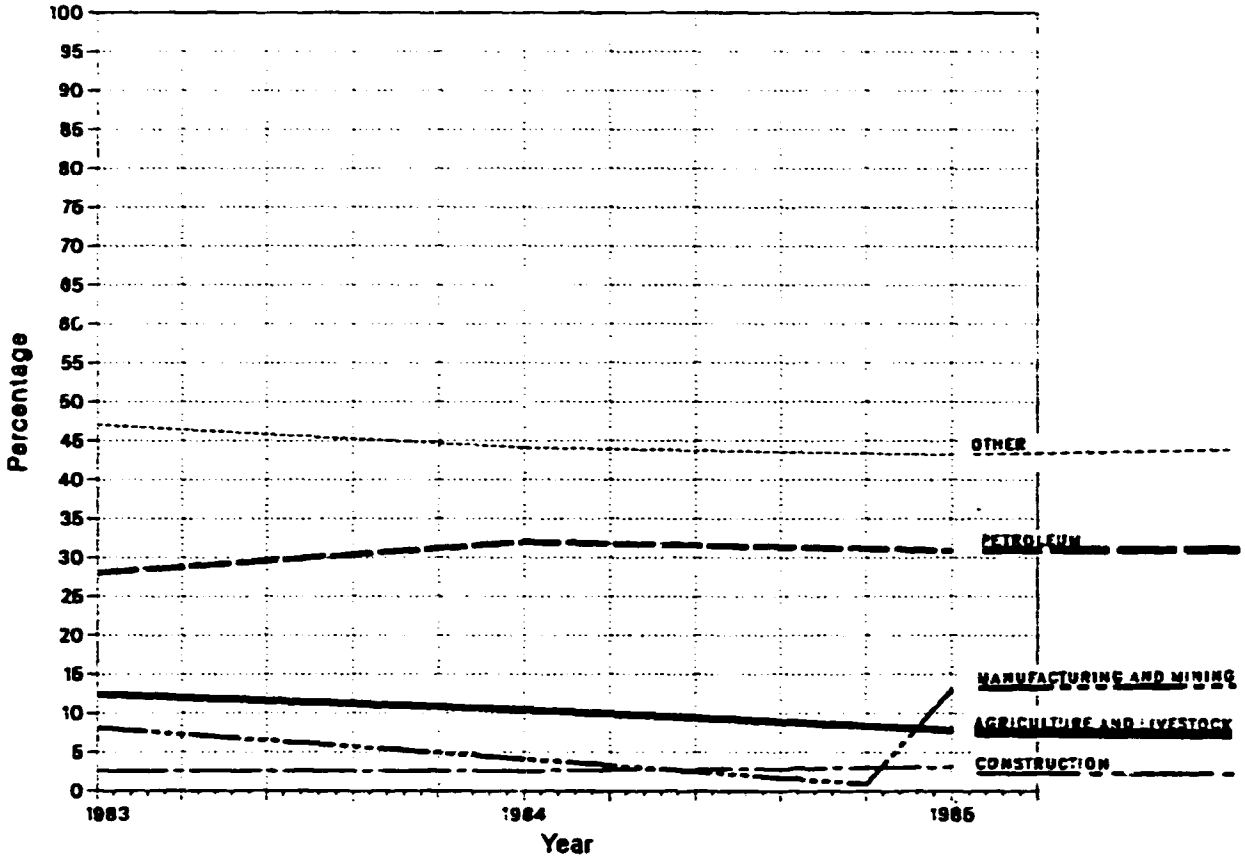
In March 1976, the government nationalized most industry and by 1984, around 80 per cent of industrial workers were employed in State enterprises. In 1985, the manufacturing sector employed 73,860 persons, of which 60,936 were unskilled or semi-skilled, 10,876 were skilled workers and 2,047 were in managerial positions. Of the 247 enterprises in 1983, 142 were State-owned, 98 were in private hands, and the remaining 14 were "mixed" enterprises (see Annex Table A-1).

Manufacturing activities encompass mainly the production of consumer goods for the domestic market, apart from oil-and mineral-based industries. In terms of number of enterprises, food industry ranks as the most important sub-sector of manufacturing with over 100 factories. These industrial units manufacture mainly sugar, wheat flour, maize flour, pasta, cooking oil, beer, etc. Of the 34 light manufacturing industries in 1985, 15 were engaged in the production of garments and textiles.

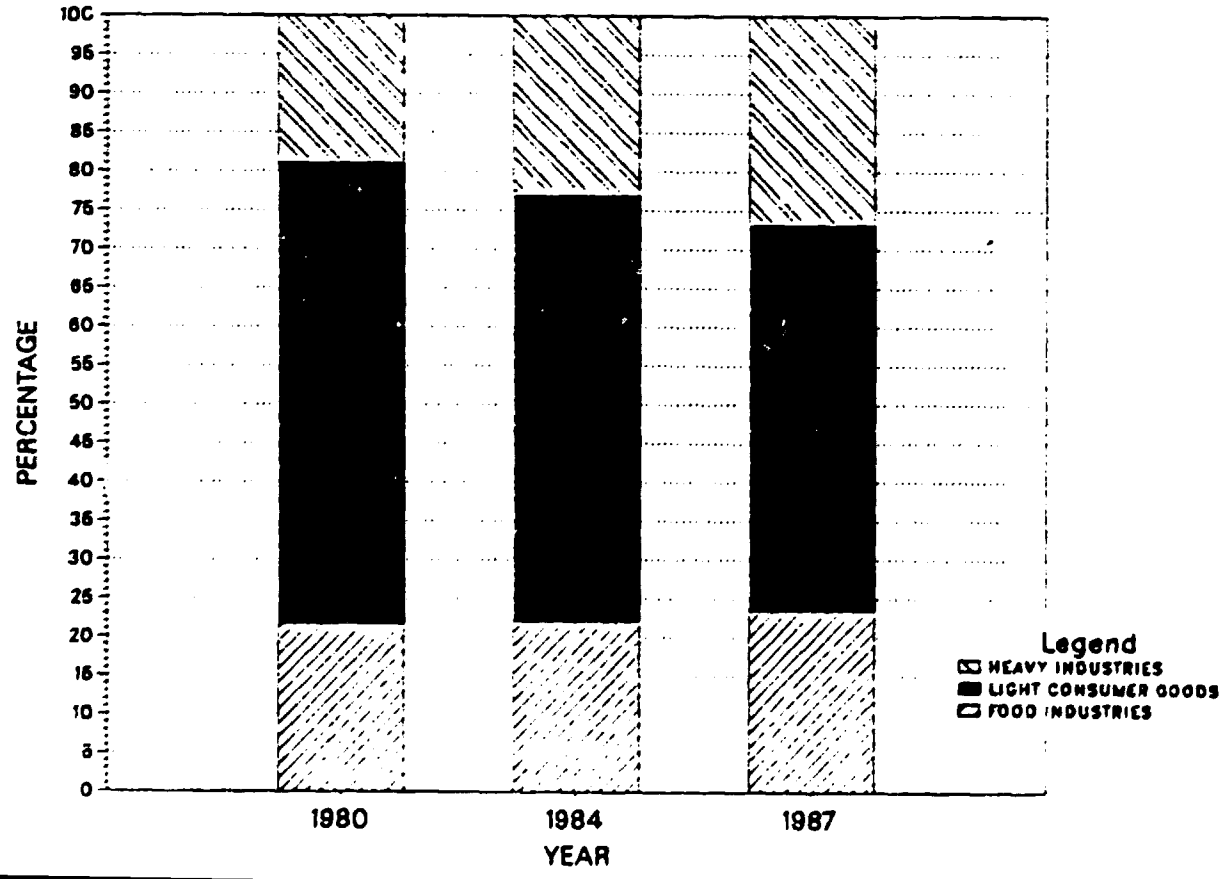
Although the textile and garment factories were built with a view to using substantial supplies of locally produced raw materials, the production inputs of these industries turned out to be primarily imports. The heavy industry in Angola, comprised of 59 enterprises in 1983, produces a wide range of products almost entirely for the domestic market.

Problems facing the manufacturing sector became doubly serious when rural-urban trade collapsed in the wake of the guerrilla war. Rural-urban trade was almost entirely in Portuguese hands during the colonial period. When over 90 per cent of the 330,000 Portuguese settlers fled abroad in 1975, rural-urban trade came to a virtual stand-still. Recent import cuts forced many industries to reduce production to a meagre fraction of installed capacity. The government hopes to ease shortages by allowing imports to rise in the face of an expected increase in export earnings. Since 1975, the manufacturing sector has undergone a process of de-industrialization owing primarily to distorting effects imposed upon it by the political turmoil. The industrial base created in the past is currently in urgent need of rehabilitation.

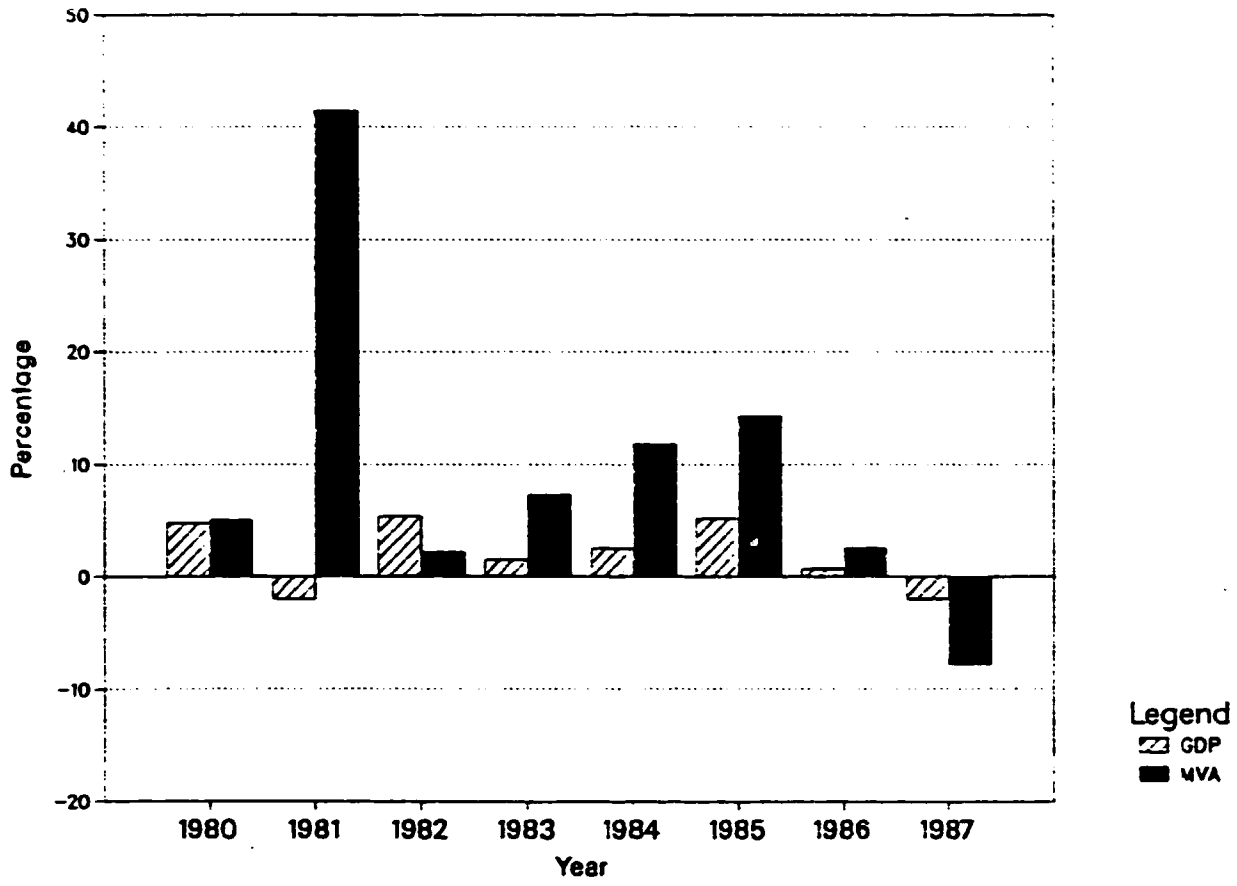
DISTRIBUTION OF GDP BY SECTOR OF ORIGIN, 1983-1985 (percentage)



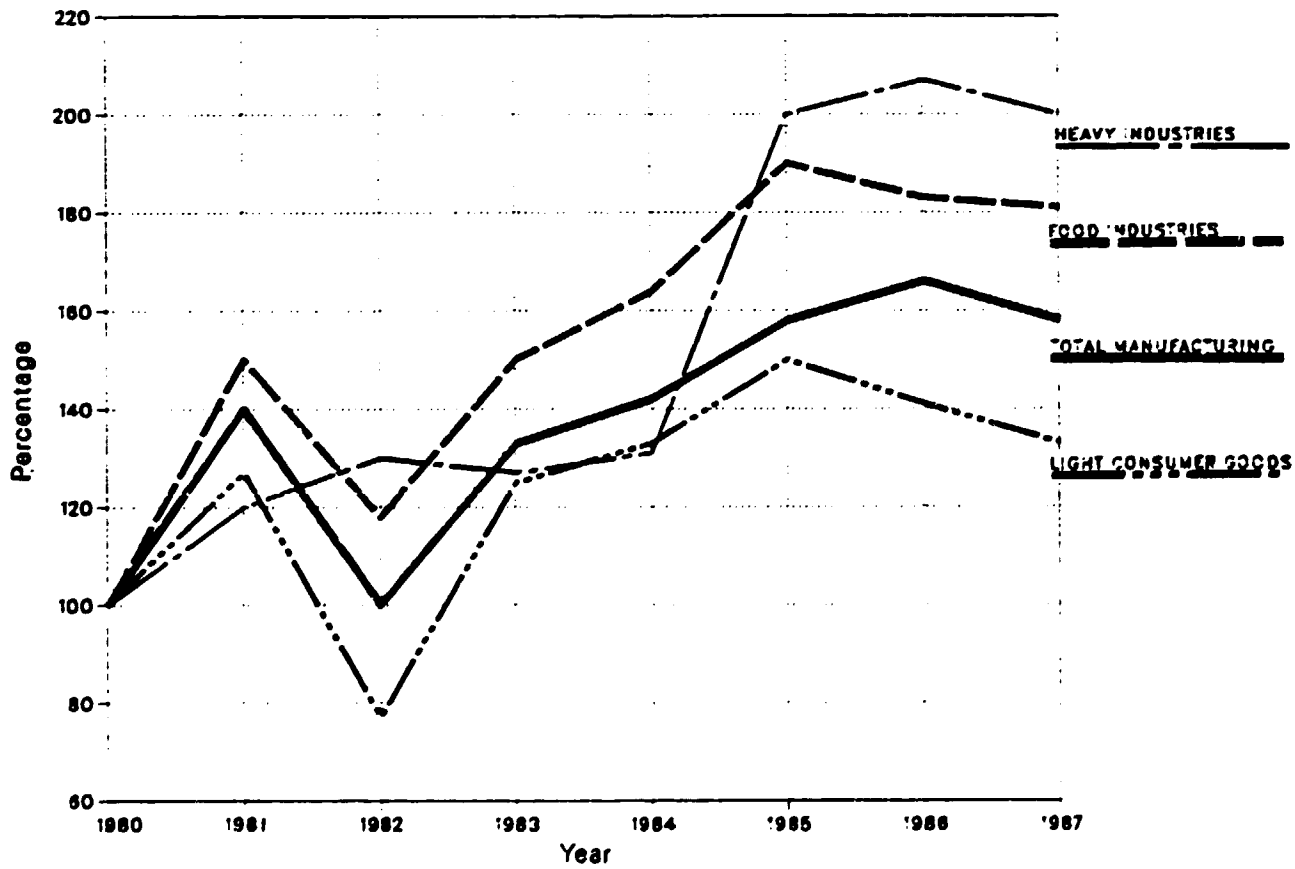
COMPOSITION OF MVA BY END-USE, 1980, 1984 AND 1987



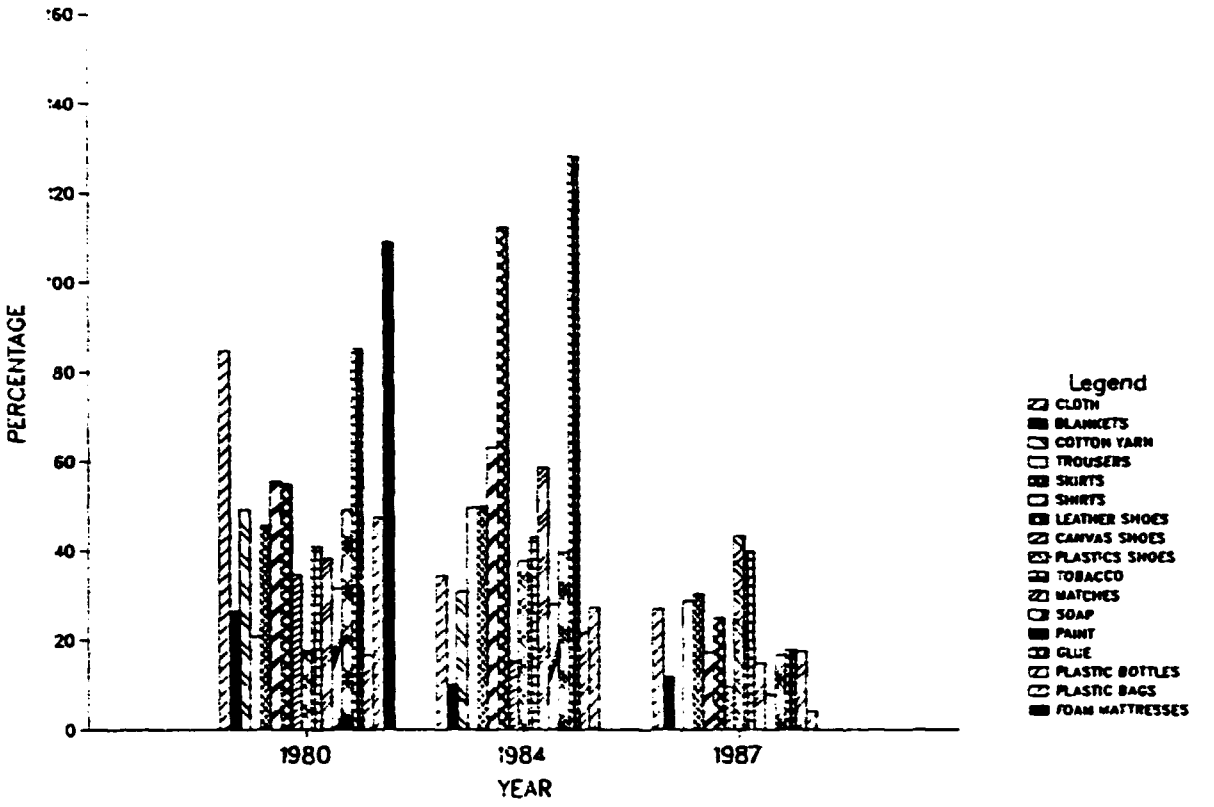
REAL GROWTH RATES OF GDP AND MVA, 1980-1987



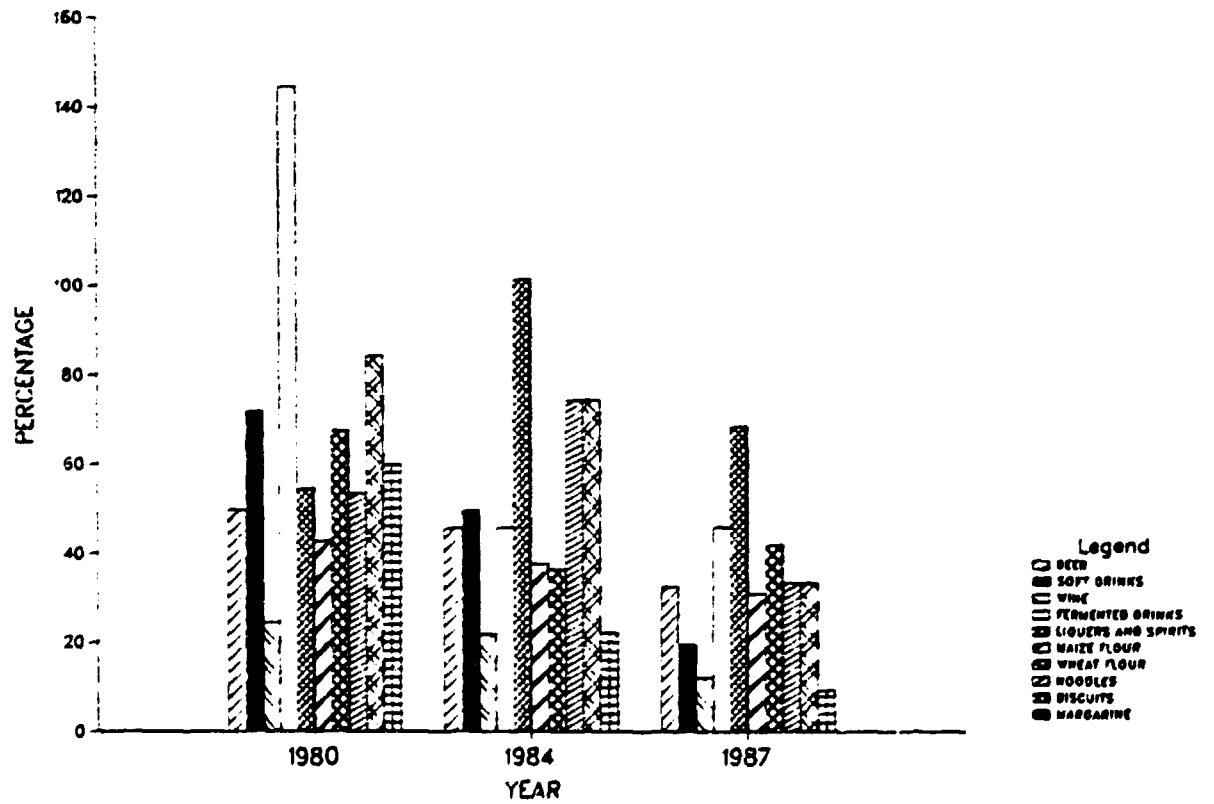
INDEX OF INDUSTRIAL PRODUCTIVITY, 1980-1987 (1980=100)



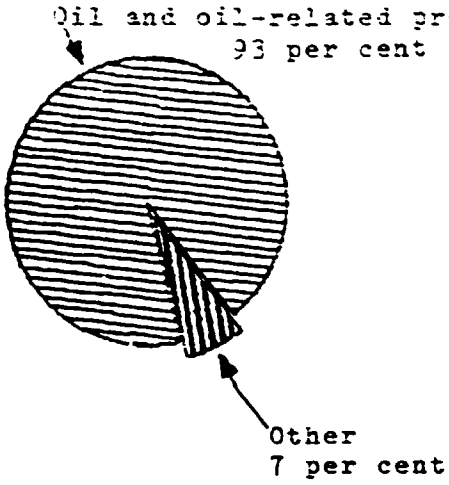
CAPACITY UTILIZATION, LIGHT CONSUMER GOODS, 1980, 1984 AND 1987



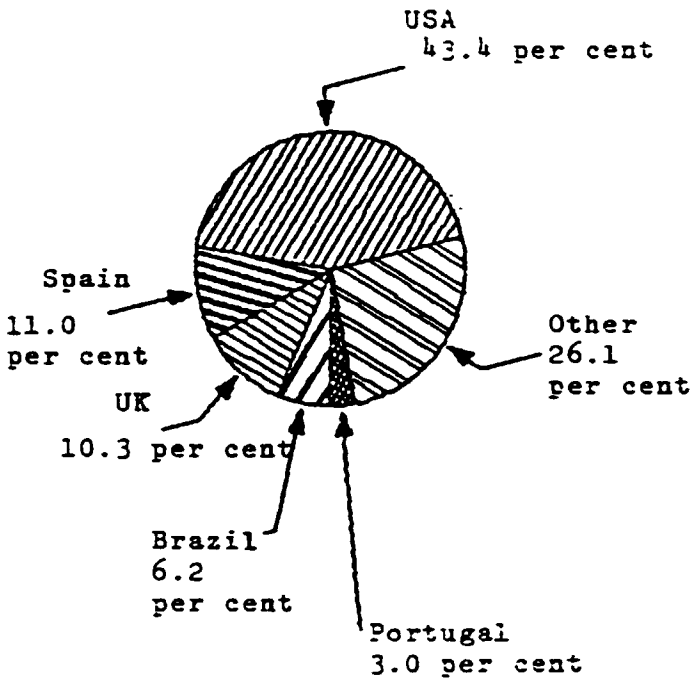
CAPACITY UTILIZATION IN FOOD INDUSTRY, 1980, 1984 AND 1987



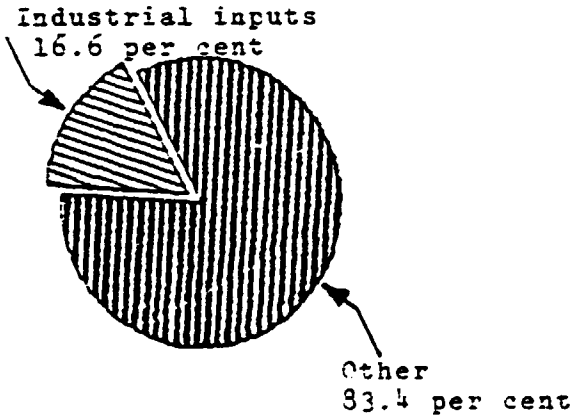
SHARE OF OIL AND OIL-RELATED PRODUCTS IN TOTAL EXPORTS, 1987



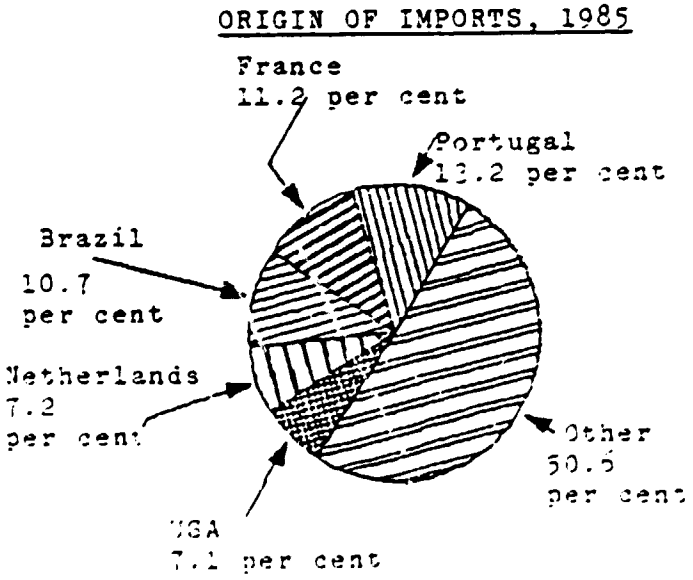
DESTINATION OF EXPORTS, 1985



SHARE OF INDUSTRIAL INPUTS IN TOTAL IMPORTS, 1985



ORIGIN OF IMPORTS, 1985



2. GROWTH AND PERFORMANCE OF THE MANUFACTURING SECTOR

2.1 Growth and structural change

The pace of expansion in manufacturing activities was quite rapid during 1960-1973, with MVA in real terms growing at an average annual rate of 11 per cent.[1/] This rate of growth must be interpreted with caution in view of a small initial base with which the spurt in manufacturing activities occurred. However, it was a remarkable progress, probably not surpassed by any African developing country south of Sahara. On the eve of independence, the manufacturing sector settled down to an even pace, and plunged into the process of de-industrialization thereafter. Industrial production in 1985 was only 54 per cent of its real value achieved in 1973.

The structure of manufacturing industry clearly reflects the dominant position of food, beverages and tobacco, which in terms of number of enterprises constituted around 28 per cent of manufacturing firms in 1983 and accounted for 39 per cent of manufacturing employment in the same year (see Annex Table A-2). Textiles, clothing, leather, paper and printing industries absorbed about 32 per cent of manufacturing employment in 1983, followed by metal products, machinery equipment (9.3 per cent) and chemicals and petroleum products (7.6 per cent). During the pre-independence period, the consumer goods industries dominated the scene, accounting for more than 70 per cent of manufacturing production. The pattern of production apparently changed with the rapid growth of oil-based industry and the introduction of capital goods and intermediate goods industries, with a corresponding decrease in consumer goods industries.

During the pre-independence period, 20 per cent of the production was geared to the conspicuous consumption of 5 per cent of the population.[2/] This distortion became worse in 1973, when 37 per cent was destined for luxury consumption and 33 per cent for mass consumption. The intermediate goods industry was relatively well diversified in the 1970s. The dominant activity in the capital goods industry is the assembly of motor vehicles. During 1981-1986, the manufacturing sector has by and large been able to keep up the production level achieved in the peak year of 1980, though it was far below the pre-independence production level. The acute shortage of foreign exchange following the drastic fall in oil prices in 1987 has severely cut imports of industrial inputs, leading to a sharp reduction in industrial production in 1987.

Recent data pertaining to the growth and structural charge in Angolan manufacturing according to the official classification of manufacturing activities into food products, light consumer goods and heavy industries are presented in Tables 2.1 and 2.2 respectively. The year 1981 represented a period of rapid growth, with a 41.5 per cent increase in MVA. The manufacturing sector, as a whole, experienced a state of stagnation in 1982, which was followed by renewed improvement and sustained pace of expansion until 1985. However, a decade after independence manufacturing production was around half the output produced in 1973. Growth of MVA faltered from two-digit growth rates in 1984 and 1985 to 2.6 per cent in 1986, which was

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1/ See M.R. Bhagavan, Angola: Prospects for Socialist Industrialization, Scandinavian Institute of African Studies, Research Report No.57, 1980.

2/ Ibid, pp. 11-12.

largely explained by the foreign exchange constraints stemming from the oil price-induced shock wakes leading to restrictions on import of industrial inputs. In 1987, MVA suffered a 7.8 per cent decline.

Table 2.1 shows that there has been considerable variation in the growth trends experienced by the three branches of manufacturing. Among the food industries brewing and soft drinks industry, flour milling, baking and vegetable oil production benefitted from some improvements in investments, mainly in the form of rehabilitation, and contributed significantly to the sustained pace of expansion during 1981-1987, with the exception of 1982 and 1987 when the Angolan import-dependant food industry was hit by import budget restrictions.

Table 2.1: Annual growth rate of MVA by end-use, 1981-1987
(percentage at constant 1985 prices)

Type of industry[a/]	1981	1982	1983	1984	1985	1986	1987[b/]
Food industries	53.0	-11.9	12.0	18.8	18.4	3.1	-7.5
Light consumer goods	43.6	-1.9	3.7	8.9	10.0	-2.5	-7.9
Heavy industries (intermediate and capital goods)	21.8	38.1	12.1	12.3	20.1	12.8	-10.1
Total manufacturing	41.5	2.2	7.3	11.8	14.3	2.6	-7.8

Source: Ministry of Industry.

a/ Angolan industrial statistics cover 80 per cent of food, light and heavy industries.

b/ Estimate.

The light consumer goods industry encompasses the production of textiles and clothing, footwear, wood processing, tobacco, soaps and detergents, matches, plastic products, paints, glass and glue, etc. Although the light industry suffered declining growth rates in 1986 and 1987, the industry restored around 90 per cent of its 1973 level of production. Notable investments in light industry since independence have been two large textile projects, the African Textil Plant in Benguela and the TEXTANG II Plant in Luanda, and other projects in wood processing. The heavy industry sector experienced double-digit growth rates during 1981-1986, but production remains far below the pre-independence levels in almost all branches with notable exceptions in radio and television set assembly.

The structure of MVA during 1980-1987 continued to reflect the dominant position of food and light consumer goods industries, which together accounted for 73.2 per cent of MVA, compared with 81.1 per cent in 1980. The share of

heavy industries engaged in the production of intermediate and capital goods in MVA rose consecutively during 1980-1987. Vehicle assembly, the production of steel brass and tubes, zinc sheets and other metal products, the assembly of radio and television sets, and the manufacture of tyres, batteries, paper and chemical products are the main branches of manufacturing in the heavy industry.

The above official classification of industries exclude oil refining, which has grown significantly since independence and production of cement and other construction materials. Under normal circumstances, oil earnings could have provided the resources needed to revive the rest of the ailing Angolan manufacturing sector.

Table 2.2: Composition of MVA by end-use, 1980-1987
(percentage)

Type of industry[a/]	1980	1981	1982	1983	1984	1985	1986	1987[b/]
Food industries	21.7	23.4	20.2	21.1	22.4	23.2	23.3	23.4
Light consumer goods	59.4	60.3	57.8	55.9	54.5	52.4	49.8	49.8
Heavy industries	18.9	16.3	22.0	22.9	23.1	24.4	26.9	26.8
MVA (Kz million at constant 1985 prices)	4,622	6,542	6,689	7,174	8,022	9,173	9,408	8,665

Source: Ministry of Industry.

a/ Angolan industrial statistics cover 80 per cent of food, light and heavy industries.

b/ Estimate.

2.2 Performance and efficiency

The manufacturing sector, as a whole, suffered a 10.8 per cent average annual decline during 1970-1980 and a sluggish growth rate of 1.1 per cent during 1981-1984. Average annual growth rate of MVA in real terms for 1970-1984 was estimated at -7.0 per cent resulting in a marked decline of MVA per capita from $31 in 1970 to $12 in 1984. The modest recovery of manufacturing sector in 1985 came to almost a halt in 1986 with a faltering growth rate of 2.2 per cent leading to a further fall in MVA per capita to $9.6 in 1986. The manufacturing sector as a whole plunged into negative growth rate in 1987. However, the performance and efficiency across the sub-sectors of manufacturing varied considerably.

Table 2.3 reveals that most industries in the Angolan food industry are operating below available capacity. As opposed to installed capacity, available capacity takes into account the state of machinery and availability of technician, implying that transformation of machinery from obsolescence to

modern or an increase in the availability of technicians at a given time could raise the available capacity of the concerned firm. Such a definition of available capacity explains capacity utilization in excess of 100 per cent in few products during selected years, e.g., 144.3 per cent in the production of fermented drinks in 1980, 101.3 per cent capacity utilization in liquors and spirits in 1984, and around 500 per cent capacity utilization in common salt production in the early 1980s. With these few exceptions, the overall picture of capacity utilization in the Angolan food industry is discouraging as the extent of idle capacity is to the tune of over 50 per cent in several food products. Even during 1980, the year which is regarded as the peak year in terms of production, only two industries (with the exception of common salt), biscuits and soft drink producing firms were operating at above 70 per cent of their available capacities. Excess capacity in the Angolan food industry is due largely to shortages of raw materials (mainly imports), disruption of utilities and manpower problems. In 1986, only 11 out of 91 bakeries were operational. A rehabilitation programme is currently under way with a view to restoring 30 per cent of idle capacity in bread-making. Similar rehabilitation measures are needed to rejuvenate other industries.

The non-food light consumer goods industry experienced erratic changes in capacity utilization. The rate of excess capacity increased from 15.4 per cent in 1980 in the production of cloth to 73 per cent in 1987, while that of plastic shoes fell from 82.2 per cent to 56.6 per cent during the same period. Although data pertaining to capacity utilization indicate low levels of capacity utilization across products during 1980-1987, with the exceptions of leather shoes and glue production in 1984, the operational efficiency of individual firms shows mixed trends. Performance of selected firms in light industry merits attention.

Table 2.3: Capacity utilization in Angolan food industry, 1980, 1984, and 1987

Product	Available capacity[a/]	Unit	Capacity utilization (percentage) 1980	1984	1987[b/]
Beer	1,435,800	hl	49.7	45.6	32.5
Soft drinks	366,650	hl	71.8	49.6	19.6
Wine	280,000	hl	24.4[c/]	21.8	12.1
Fermented drinks	65,500	hl	144.3	45.8	45.8
Liquers and spirits	20,500	hl	54.6	101.3	68.3
Maize flour	78,514	tonnes	42.8[c/]	37.6	30.9
Wheat flour	76,000	tonnes	67.4	36.4	41.8
Noodles	10,792	tonnes	53.4	74.3	33.4
Biscuits	2,893	tonnes	84.2	23.7	31.8
Margarine	2,545	tonnes	59.7	22.1	9.3
Instant coffee	134	tonnes	2.9	26.0[c/]	...
Common salt	4,600	tonnes	518.3	476.4[c/]	81.4

Source: Ministry of Industry. Calculated from Annex Table A-3.

a/ In contrast to installed capacity, available capacity takes into account the state of machinery, availability of technicians, etc.

b/ Estimates.

c/ 1982.

Table 2.4: Capacity utilization in light consumer goods industry, 1980, 1984 and 1987

Product	Available capacity[a]	Unit	Capacity utilization (percentage) 1980	1984	1987[b]
Cloth	21,911	'000 m^2	84.6	34.4	27.0
Blankets	899,000	'000 pieces	26.5	10.2	11.8
Cotton yarn	386	tonnes	49.2	6.5	30.8
Trousers	1,293	'000 pairs	20.9	49.6	28.8
Skirts	1,754	'000 pieces	45.6	49.7	30.4
Shirts	3,378	'000 pieces	55.4	63.1	17.4
Leather shoes	565	'000 pairs	54.8	112.2	24.9
Canvas shoes	596	'000 pairs	34.6	15.3	9.5
Plastic shoes	1,271	'000 pairs	17.8	37.8	43.4
Tobacco	4,447	tonnes	40.9	42.9	39.8
Matches	60,000	'000 boxes	38.2	58.6	14.8
Soap	27,763	tonnes	31.5	28.1	7.9
Paint	8,305	tonnes	49.0	39.8	16.7
Glue	580	tonnes	85.0	128.1	17.9
Plastic bottles	6,300	'000	16.7	21.8	17.5
Plastic bags	6,712	tonnes	47.5	27.3	4.2
Foam mattresses	60,000	pieces	109.9	73.1	22.4

Source: Ministry of Industry. Calculated from Annex Table A-4.

a/ In contrast to installed capacity, available capacity takes into account the state of machinery, availability of technicians, etc.

b/ Estimates.

The textile mill Textang II was planned before independence, and came on stream in early 1985. Of the annual production of around 10 million metres, 40 per cent is cotton/polyester. A large proportion of new cotton is imported from Pakistan, Benin and Brazil. Shortage of raw materials has been one of the principal causes of low capacity utilization. State-controlled selling prices of textiles range between Kz 180 to Kz 240 per metre, but prices on the "parallel" market were between Kz 2,000 and Kz 3,000. The African Textile plant in Benguela was operating at around 34 per cent below its 1973 level of output.

The Induve factory, located some twelve kilometres north-east of Luanda, is engaged in the production of vegetable oil and soap. The factory is equipped with an installed capacity capable of producing 5.5 million litres of vegetable oil and 7,000 tonnes of soap annually. It employs 700 persons. The factory does not suffer from raw material shortages, but there have been difficulties with infrastructural facilities, such as electricity supply, water, etc. In the past Induve relied on locally grown raw materials, but currently a substantial proportion of raw materials is imported through the State trading organization.

The dominant activity in the capital goods industry is the assembly of motor vehicles and agricultural machinery using fully-finished imported components. Making of metal articles is a very minor activity. The intermediate goods sector within the heavy industry is relatively well diversified. But this diversification does not necessarily mean any significant internal or domestic integration as the inputs into the manufacture of these intermediate goods continue to be largely imports. Since data pertaining to the installed capacity of heavy industries are not available, an attempt is made to review the performance of selected heavy industries by comparing recent years' output with that of the year 1980 (see Table 2.5). With notable exceptions, the 1986 output in several heavy industries represented a marked contraction when compared with the 1980 output. One striking example is the production of light vehicles. Its 1986 output was less than 1 per cent of 1980 output. Bicycles and steel bars stand as notable exceptions with 1986 output levels exceeding 100 per cent of 1980 output levels. For refrigerators and aluminium implements 1986 output levels are comparable with 1984 output levels. Both products achieved over 140 per cent of 1984 output in 1986. In 1985, the heavy industry, as a whole, produced only 35 per cent of its 1973 output in real terms.

Table 2.5: Performance of selected heavy industries, 1980-1986

Product	Unit	Output in 1980	As per cent of 1980 output			
			1982	1984	1985	1986
Tyres	numbers	87,086	63.4	39.9	54.8	36.0
Tyre tubes	numbers	53,577	24.7	8.5	8.6	17.0
Buses	numbers	116	189.7	54.3	20.7	87.1
Light vehicles	numbers	384	118.5	93.2	69.5	0.7
Bicycles	numbers	6,919	57.8	21.9	26.3	120.0
Motor cycles	numbers	6,308	43.0	26.9	22.0	94.7
Ploughs	numbers	1,915	...	0.0	0.0	11.7
Dry batteries	'000	3,153	66.5	38.5	50.4	20.8
Batteries	numbers	50,127	76.5	39.4	57.3	37.9
Refrigerators	numbers	3,092[a/]	...	--	90.6[b/]	143.5[b/]
Acetylene	m^3	126,560	92.2	95.8	98.8	...
Oxygen	m^3	430,223	88.5	90.5	128.9	...
Electrical wires	tonnes	513	50.8	47.9	163.5	80.1
Steel bars	tonnes	3,595	46.5	50.9	114.0	183.3
Black tubes	tonnes	5,011	197.2	74.4	74.3	62.1
Zinc plates	tonnes	3,970	79.0	90.5	142.8	94.6
Metal package	tonnes	361[a/]	...	--	333.7	...
Carton package	tonnes	2,655	109.7	37.6	54.8	...
Cable wires	tonnes	447	65.5	114.5	114.3	...
Radio receivers	numbers	72,774	118.9	50.8	96.8	29.4
TV sets	numbers	8,682	122.7	24.7	95.9	56.9
Aluminium instruments	tonnes	429[a/]	...	--	170.6[b/]	141.3[b/]

Source: Ministry of Industry. Calculated from Annex Table A-5.

a/ 1984 output.
b/ As per cent of 1984 output.

Using indices of industrial productivity, comparisons of productivity levels across the main branches of manufacturing could be made. Indices of industrial productivity, presented in Table 2.6 are corroborated by data pertaining to labour productivity, i.e., value added per worker, as reported in Annex Tables A-7 to A-10. It can be seen from Table 2.6 that the index of labour productivity (1980=100) for total manufacturing grew significantly during 1985 and 1986. In 1985 an increase in MVA was accompanied by a 17 per cent decline in manufacturing employment. An increase in the index of industrial productivity from 158 in 1985 to 166 in 1986 was explained largely by the fact that MVA grew more rapidly (12.8 per cent) than manufacturing employment (7.4 per cent). Substantial increases in the indices of industrial productivity does not necessarily reflect the incidence of technical progress. Rather it is a reflection of a sudden increase from a low base of production. The general increase in the index of industrial productivity in food, light and heavy industries during 1985, which represents a year of rising capacity utilization, lends credence to the fact that a rise in productivity largely reflects an increase in capacity utilization. It can be also seen from Annex Table A-10 that the year 1986 experienced a 7.4 per cent increase in employment in heavy industry, and an increase in productivity was maintained at 3.5 per cent during the same year. Thus, there is some reason to believe that technical progress must have gone into the productive processes of some intermediate and capital goods.

The enterprises found to function efficiently were firms which adapted themselves to the realities and introduced incentives to productivity and work discipline than the ordinary wage-policy. In some factories, management undertakes active measures to assure transport for employees, breakfast and lunch, some health care, some professional training as well as literacy classes. To ensure these benefits is quite difficult in present-day Angola and forces management to engage in all kinds of barter arrangements. A number of factories grow their own vegetables, cows, goats, ducks, etc. In these factories the level of absenteeism were found to be relatively modest. On the contrary, in other factories, the level of absenteeism is found to be very high.

Table 2.6: Index of industrial productivity, a/ 1980-1987
(1980 = 100)

	1980	1981	1982	1983	1984	1985	1986	1987 b/
Total manufacturing	100	140	100	133	142	158	166	158
Food industries	100	150	118	150	164	190	183	181
Light consumer industries	100	127	77	125	133	150	141	133
Heavy industries	100	120	130	127	131	200	207	200

Source: Ministry of Industry. Calculated from Annex Tables A-7, A-8, A-9 and A-10.

a/ Based on the formula: $\left(\frac{Vn}{Vo} / \frac{En}{Eo}\right) \times 100$

Vn - Value added in year n
Vo - Value added in base year 1980
En - Employment in year n
Eo - Employment in base year 1980

b/ Estimate.

2.3 Exports and imports of manufactures

The most striking feature of Angola's external economy since independence has been the dramatic increase in oil export earnings. Even the weakening of the world oil market had only temporarily interrupted the upward surge in oil export earnings as the large increases in the volume of oil exports outweighed the fall in prices. Oil and oil-related products accounted for over 93 per cent of total export earnings by 1987. The corresponding decline in Angola's traditional non-oil exports, notably coffee and diamonds, led to the country's status as a single commodity economy. Coffee, which contributed 26.6 per cent of exports in 1973, accounted for only 2.6 per cent in 1985. The share of diamonds in total export earnings fell from 10.4 per cent in 1973 to 1.6 per cent in 1985.

Exports of refined petroleum products totalled $91 million in 1985. In addition to small local refining facilities in Cabinda, Angola has one refinery near Luanda. Throughput of this conventional hydro-skimming refinery rose significantly in recent years to meet Angola's domestic requirements and to show an exportable surplus. Table 2.7 presents data pertaining to export values of refined petroleum products in the first half of the 1980s. The value of petrol exports rose from Kz 11.7 million in 1980 to Kz 31.8 million in 1984, while fuel oil exports increased from Kz 2,596.3 million in 1980 to Kz 2,683.5 million in 1984. However, export of gasoil suffered a marked contraction from Kz 193.2 million in 1980 to Kz 10 million in 1984. It can be seen from Table 2.7, that exports of other refined petroleum products, i.e., other than petrol, kerosene, gasoil and fuel oil, virtually disappeared from the export scene by the year 1984.

Table 2.8 shows that there has been a marked decline in the exports of non-oil products over the period 1980-1985, the only exception being timber products. Coffee exports fell consecutively from $164 million in 1980 to $55 million in 1985, while that of diamonds suffered a marked decline from $226 million in 1980 to $33 million in 1985. Exports of timber rose from $1 million in 1984 to $4 million in 1985. Table 2.8 also reveals that the contribution of other exports is falling to a meagre fraction of total exports as a result of their decline for several consecutive years.

Table 2.7: Exports of selected refined petroleum products 1980 and 1984 (Kz million)

Product	1980	1984
Petrol	11.7	31.8
Kerosene	9.9	0.1[a/]
Gasoil	193.2	10.0
Fuel oil	2,596.3	2,683.5
Other refined petroleum products	127.3	...

Source: Sonangol.

a/ 1982.

Table 2.8: Value of Angolan non-oil exports, 1980-1985 (selected years)
($ million)

Product	1980	1982	1984	1985
Coffee	164	95	80	55
Diamonds	226	104	64	33
Timber	—	—	1	4
Other	9	4	2	—

Source: Ministry of Foreign Trade.

There has only been a minor change in the contribution made by manufacturing activity to exports. The role assigned to the manufacturing sector in exports before 1973 was one of simple processing of agricultural products, such as ginning of cotton, decortication of sisal, curing of tobacco, preserving of fish and refining of sugar. Thirteen years later, the character of foreign trade remained the same except that oil had replaced coffee on the export front and the USA has replaced Portugal as the largest export market. Minor changes in the contribution of manufacturing activity to exports stem from small quantities of manufactured exports such as cigarettes, beer, textiles, and preserved meat destined for neighbouring countries.

Although Angola has extensive economic and aid ties with the socialist countries, and trade has been gradually increasing between Angola and the CMEA States, the country's external trade is still geared strongly towards the developed market economy countries with which trade was originally initiated by the Portuguese.

During the early 1970s, Angola undertook substantial trade with Zimbabwe, Zambia and Mozambique in a number of different products. Angola has traditionally imported metal products from Zimbabwe, serving as inputs in the metal-working industries. As is well known, however, the security situation within the area of the Benguela railway has made it impossible to continue normal traffic leading to a point, where foreign trade has to be undertaken by means of sea or airfreight. Consequently, Angolan foreign trade with its African neighbours within the Southern African Development Co-ordination Conference (SADCC) area has suffered a major set-back. In contrast, Angola still has some foreign trade with northern neighbours such as Congo and Zaire and further to the north Cameroon and Nigeria.

It can be seen from Table 2.9 the dominating position in intra-SADDC trade was held by Zimbabwe during 1982-1984, with almost half of all intra-SADCC trade originating from and 30 per cent of the trade is imported into Zimbabwe. This mean that Zimbabwe is a partner to almost 80 per cent of the total intra-SADCC trade. Bostwana, Malawi, Mozambique and Zambia are also important partners of intra-SADCC trade, while the respective shares of Angola, Lesotho, Swaziland and Tanzania are rather small.

Table 2.9: Angola's share in intra-SADCC trade, 1982-1984

Country	Imports[a] $ million	Imports[a] Per cent	Exports[b] $ million	Exports[b] Per cent
Angola	12	4.3	2	0.8
Bostwana	51	18.5	47	19.2
Lesotho	0.3	0.1	0	0.0
Malawi	26	9.4	21	8.6
Mozambique	26	9.4	14	5.7
Swaziland	3	1.1	7	2.9
Tanzania	24	8.7	4	1.6
Zambia	48	17.4	35	14.3
Zimbabwe	86	31.2	115	46.9
Total	276	100.1	245	100.0

Source: Chr. Michelsen Institute, SADCC Intra-Regional Trade Study, Supporting Volume I, Final Report, January 1986.

a/ As reported by the importing country.

b/ As reported by the exporting country.

Angola has in reality a war economy. The war greatly affects internal transport and makes it difficult for the country to export and import anything by rail or road. Angola does not give any particular trade preference to other SADCC countries except Mozambique. Under the present war conditions Angola is incapable of increasing its production for the regional market. When peace is restored, the country's position and potential for regional trade could be dramatically changed.

The level of imports is determined by the priorities set by the government. Military equipment accounts for around 50 per cent of total imports. There have been stringent curbs on imports in the wake of balance-of-payments constraints. However, food imports, basic necessities, and equipment for the oil industry escaped import curbs. Toward the end of 1987, import expenditure was allowed to rise slightly in the face of rising oil revenues. In 1987, imports of food products, oil industry equipment and military hardware remained high.

Imports from the U.K. rose from £13.4 million in the first half of 1986 to £16.3 million in the first half of 1987, while imports from France declined during the same period. Excluding military sales by the USSR, France was Angola's main origin of imports in 1986, with $149 million worth of imports.

Annex Table A-6 shows that during 1981-1983, with the exception of motor gasolene, distillate fuel oils and lubricating oil, the share of exports in apparent consumption was zero for all product categories listed in the Table. On the other hand, the share of imports in apparent consumption exceeded

50 per cent for a large number of manufactured goods and for 10 products it was 100 per cent during 1981-1983. The inference which emerges from Annex Table A-6 is that import substitution remains confined to a few products. The Table also reveals the very high degree of import dependence characteristic of Angolan manufacturing. Despite the availability of large deposits of iron ore, the share of imports in apparent consumption of wire rods, and plates and sheets was 100 per cent in 1981-1983. A small segment of food processing achieved some success in import substitution.

The government has established, as a general principle, that wherever possible local production shall prevail over imports. Even though this policy statement is very general it should be taken into account when formulating recommendations for industrial development. Within the Angolan Ministry of Industry attempts have already been made in translating this general policy of import substitution into a viable set of criteria of how to proceed in a practical manner. Hence, the Ministry of Industry has emphasized the need for undertaking a major analysis of the economic potential for import substitution in pursuit of implementing it in a pragmatic manner on a step by step basis.

In practice the manufacturing sector has to prove that foreign exchange allocated to domestic production in securing a larger production of reasonable quality is preferred to direct imports of the finished commodity. In order to prove this, the Ministry of Industry has been active in furthering a number of contracts with agriculture or defence obliging the manufacturing firms to supply the products in question on the basis of commercial contracts. Likewise, the Ministry of Industry tends to give priority to the revitalization of local linkages, e.g., by providing the peasantry with salt and cloth in exchange for cotton, thereby reducing the quantity of cotton otherwise needed to be imported by Angola. Although these recent developments appear sound, the compelling reasons for import substitution within manufacturing are yet to merit attention.

For these and other reasons, the Angolan Ministry of Industry decided in September 1986 to initiate a major study on the import substitution potential within manufacturing. Consequently, all firms being part of the planning process of the Ministry were given a list of the quantity and type of manufactured goods needed by the government for the priority programme of increasing marketed crops of peasants (Comercializaçao do Campo) during the period 1987-1990. A major share of each of the goods needed were foreseen to be imported and the firms were asked to indicate to which extent they could produce the commodities in question cheaper than if the final product were imported, taking into account the available capacity, socio-economic factors within the factories, possible additional foreign exchange costs needed to rehabilitation and maintenance, and possible additional costs involving purchases of supplementary machinery.

In March 1987, the Ministry of Industry finalized the preliminary results of the survey listing 46 firms and 120 products, which were found fit for import substitution. In July 1987, the Ministry of Industry presented data on an additional four firms found fit for import substitution. However, there seems to be a good reason to add to the substantial work already carried out within the Ministry of Industry on methodological considerations pertaining to the recuperation of production, maintenance and import substitution. The practical implementation of policies should be viewed in the context of the priority goods programme for industrial rehabilitation.

2.4 Production priorities in the sphere of industrial rehabilitation

While one type of priority relates to the necessity of stimulating agricultural production, another priority relates to the necessity of providing at least a minimum of basic manufactured goods to the Angolan population. It is, therefore, possible to establish certain groups of products which need emphasis in establishing priorities for industrial production. These include essential (basic) goods, incentive goods, goods that bring revenue to the State (e.g., beer and cigarettes), export-oriented products and goods which are indispensable for exports, (e.g., packaging). Resource availability considerations for industrial inputs could strike a balance among these goods. Having prepared the list of priority goods, the second phase encompasses the setting of criteria for industrial rehabilitation. In order to supplement the efforts under way, a systematic approach to the domestic production of primary goods within the sphere of selective rehabilitation programme could be attempted at the enterprise level.1/

The guiding principle should be whether it is cheaper (in terms of foreign exchange) to supply a given volume of output through imports or through local production (including foreign exchange costs of rehabilitation where this is applicable). This would also consider the viability of local production. It is imperative that this analysis be made explicitly so that it can guide this type of decision in a planned manner.

To some extent this kind of consideration already makes up part of the Angolan import substitution programme. As an example, the programme suggests that imports of plastic shoes should be reduced and partly replaced by local production. The scope for import substitution in the production of plastic shoes during 1988-1990 is depicted in Table 2.10. It appears from Table 2.8 that there exists spare capacity within the existing plastic shoes factory as to enable Angola to save between $500,000 and $750,000 annually through import substitution - to the extent that prices of 1986 and needs of plastic shoes remain relevant.

Comparative cost structure of imports and domestic production is presented in Table 2.11 with a view to measuring the extent to which foreign exchange could be saved by increasing domestic production.

In the case of plastic shoes, two-thirds of each US dollar used for imports of the finished product can be saved by means of domestic production. Most likely, this kind of calculation takes into account the foreign exchange cost of rehabilitation. However, in this case the ratio of foreign exchange saved by domestic production is high if the factory is given more autonomy in taking care of these related problems. To some extent this seems to be the objective of parts of the SEF-programme of the Angolan government, to be fully implemented during 1988-1989. On this basis, a ranking of the various import-substitution programmes can be made indicating terms of foreign exchange saved per US dollar used in imports, and total foreign exchange saved.

1/ As part of the preparatory assistance for industrial rehabilitation under the Industrial Development Decade for Africa Programme, Angola will be visited by the Regional and Country Studies Branch field mission of UNIDO with a view to identifying potential candidates for successful rehabilitation.

Table 2.10: Available capacity, actual production and estimated needs of plastic shoes, 1985-1990
(Number)

	1985	1986	1987	1988	1989	1990	Available capacity 1987	Installed capacity 1987
Production:								
Real	515	887	552				1,770	2,000
Target				1,250	1,000	900		
Estimated needs				3,200	3,200	3,200		
Estimated imports				1,950	2,200	3,300		
Scope for import substitution				520	770	870		

Source: Informaçao Estatistica: 1984-1985; 1987-1990 and Ministry of Industry, Programme for Import Substitution, 1987-1990, 1987.

Table 2.11: Comparative cost structure of imports and domestic production of plastic shoes, 1987
(Kz at 1986 prices)

	Domestic production			Imports
	Domestic	External	Total	
Raw materials and subsidiaries	-	14,050	14,050	
Salaries	2,496	0,324	2,829	
Amortization and other costs	11,114	0,300	11,414	
Unit costs for 1,000 pairs	13,610	14,674	28,284	45,000

Source: Programme for Import Substitution, 1987-1990, Ministry of Industry, 1987.

Evidently, analyses of this kind have to be tied in with studies of conditions at the factory level, in order to foresee necessary second-stage bottlenecks. In many factories raw material supply constraints pose a big challenge to the firms' endeavour to increase the level of output.

The process of estir g imported input-requirements seems to have been done independently of the process of looking into the possibilities of reducing the import content of existing industrial activities. However, it is by no means certain that the input-mix adopted by the manufacturers today is minimizing foreign exchange . Given the level of the exchange rate it is possible to have a preferred input-mix which is cost-minimizing at the enterprise level but inefficient in the use of foreign exchange at national level. For this reason, it is not very appropriate to derive macro-level input requirements from preferred micro-level requirements. Rather, it is important to encourage innovations and even extension of existing plants with machinery aimed at reducing the import content of industrial production. Efforts in this direction could be accompanied by a consistent system of incentives in support of net foreign exchange savings innovations.

In this context, the production of spare parts deserves great attention. In practice, the major industrial towns of Angola are each served by a few key workshops and engineering firms which could manufacture spare parts to a certain extent. This is notably the case of EMIN in Luanda, which already at this stage has an important function of producing spare parts for manufacturing firms within the Luanda region and - equally important - undertakes to train workers from other factories. The potential role of such engineering enterprises and workshops in maintenance and repair of industrial machinery should not be underestimated. Since the proximity of engineering firms to other manufacturing firms is a very important factor, it deserves great attention in the allocation of foreign exchange.

In addition to the question of spare parts, the issue of streamlining the existing production units arises. In some of the existing factories the finishing section has a larger capacity than the preparatory sections thereby making it difficult to use fully the available capacities without importing semi-finished goods.

A case in point is the Africa Textil Factory in Benguela, which has been constructed with a larger finishing section than the spinning and weaving sections. However, it appears from Table 2.12 that it is economically efficient for Angola to buy 16 looms annually (or alternatively 32 looms during a two-year period) in order to make production capacities in the different sections of the factory compatible rather than to import cloth ready for printing and colouring.

Within the group of enterprises which manufacture the identified priority goods, some are more efficient than others in their utilization of foreign exchange. Here the question is whether (a) all such enterprises should be allocated foreign exchange in such a way that each of them operates inefficiently at low capacity, or (b) efficient users of foreign exchange should be preferred and be allocated the bulk of foreign exchange, while the inefficient users of foreign exchange are allowed to close temporarily. The implementation of the latter would result in cutting down overheads whereby each enterprise would be operating at higher capacity and cut down costs of production, leading to higher output levels for the same amount of foreign exchange, but it would also imply loss of jobs for the employees of enterprises that are closed temporarily. The problem of closure of factories which are inefficient users of foreign exchange should be solved within the framework of planning of human resources through which the necessary contingency plans should be made for the laid-off workers.

Table 2.12: Foreign exchange balance of extending productive capacity of the Africa Textil factory, 1987-1990

Extension: 16 looms = 1.2 million m^2/year	1987	1988	1989	1990
Amortization and interests: ($'000)	186	251.1	485.5	452
Amortization and interests/per m^2 in Kwanzas[a/]	4.7	6.3	12.1	11.3
Cotton[b/], per m^2 in Kwanzas[a/]	9.8	9.8	9.8	9.8
Colours and chemicals, per m^2 in Kwanzas[a/]	6.5	6.5	6.5	6.5
Spare parts, per m^2 in Kwanzas[a/]	1.2	1.2	1.2	1.2
Technical assistance, per m^2 in Kwanzas[a/]	2.8	2.8	2.8	2.8
Unit costs per m^2 domestic production in Kwanzas[a/]	25	26.6	32.4	31.6
Unit costs per m^2 imports in Kwanzas[a/]	45	45	45	45

Source: Ministry of Industry, Programme for Import Substitution 1987-1990, 1987.

a/ $1 = Kz 29.92.

b/ Cotton is foreseen to be imported as well as colours and chemicals, spare parts and technical assistance.

It is most likely that a compromise has to be found between economic efficiency in terms of foreign exchange and the social objective of preserving jobs. This is most relevant in the Angolan context, since it is likely that it will be less expensive to rehabilitate say 75 per cent of the available capacities in four factories of the same size than to rehabilitate the three most efficient factories 100 per cent.

As a concrete example from the Angolan manufacturing industry the two textile factories TEXTANG II (Luanda) and Africa Textil (Benguela), can be quoted. In this case it seems that operating on the basis of the available capacities the foreign exchange saving ratio in the case of TEXTANG II is 25 per cent of each US dollar presently used on imports, while at Africa Textil the ratio is 28 per cent (see Table 2.12).

Clearly, there exists a danger of oversimplifying these kinds of comparisons by not taking fully into account the different kind of cloth being produced at Africa Textil and TEXTANG II respectively; the technical differences by themselves heavily influencing necessities of imported inputs. Also in case of these factories a number of secondary problems relating to the social conditions of the employees have to be resolved before implementing the priority goods programme in the sphere of industrial rehabilitation.

2.5 Size and geographical distribution

For the first time since independence a Register of all Angolan firms with more than 10 employees and capital investment of Kz 500,000 was established in 1983. All Angolan firms which fulfilled these criteria were obliged to register their main, secondary and tertiary activities with details on invested capital, number of employees, location, units of production and the name of the supervising State organ. The Register offers information on 687 industrial units, including 247 manufacturing enterprises.

Of the 247 firms in 1983 only 10 firms employed more than 1,000 workers each (see Annex Table A-11). Although they accounted for 4 per cent of the total number of firms, they provided employment for 45 per cent of the workforce in manufacturing.

Firms employing 10-50 workers each numbered 72 in 1983 representing 29 per cent of the total number of firms. Their contribution to manufacturing employment stood at 3 per cent in 1983. With available information on number of firms and employment offered by the Register, manufacturing activities are re-classified in accordance with the ISIC classification and reported in Annex Table A-12. Sixty-nine firms have been identified in food, beverages and tobacco branches (ISIC 31), followed by metal products, machinery, equipment (55), textiles, clothing and leather (35), chemicals and petroleum products (30), paper and printing (18), non-metallic mineral products (11), wood products, including furniture (11), and basic metal industries (7).

In eight provinces there do exist a handful of manufacturing firms, but they are limited to the light industries processing available raw materials within the province. In 6 provinces no manufacturing firms were registered within the General Register of Firms (see Annex Table A-13). Clearly, this uneven geographical distribution of manufacturing firms still reflects the Colonial legacy - most manufacturing firms being located in the former strongholds of the Portuguese settlers.

The Angolan government has made an effort lately to overcome this concentration of industry by means of urging some donors to orient their assistance towards the three provinces Huila, Cunene and Namibe in the South-western part of Angola. The government endeavours to revive economic relations between the urban and rural sector within these provinces making fuller use of the industrial firms in existence. At the same time, a number of new manufacturing firms are in the process of being erected within the provinces of Huila and Namibe. In spite of the general policy of the Angolan government to rehabilitate existing industries and not to establish new projects, a number of projects are under preparation in the Cabinda Province, e.g., a brewery and a mineral water factory.

2.6 Ownership and investment patterns

The creation of a large State sector, beyond the core of State companies inherited from the Portuguese government, was initially an improvised response to the settlers' abandoning of farms, factories and other businesses. State intervention was seen as unavoidable to stop production leading to a standstill in manufacturing enterprises. The process began a month before independence, when the government issued a decree allowing state intervention in the management of private companies where production was paralyzed or greatly reduced, where directors and management were absent and/or where there

was significant decline in investment. In most cases an administrative committee, comprising state and workers' representatives, was set up to run the company.

It was not until March 1976, when the Law on State Intervention was enacted, that provision was made for the formal nationalization of private companies. This could take two forms: first, non-punitive nationalization, entitling the previous owners to compensation, for enterprises brought into State ownership due to their importance for the national economy; and second, confiscation, a punitive form of nationalization with no right to compensation, applicable to businesses that were abandonded or engaged in activities damaging to the nations economy. Following independence, the major part of the industrial sector, which were left by their owners, have been nationalized leading to a situation in 1983, where 57 per cent of all firms in manufacturing were state-owned, 6 per cent had mixed ownership, and only 37 per cent were privately owned. A quick glance at Annex Table A-14 reveals the dominance of State enterprises in Angolan manufacturing employment.

However, there was no intention to do away with the private sector entirely. The government is committed to encourage and support the private sector if it respects the general guidelines of the economic and labour policies defined by the government. Most of the nationalization measures after independence affected Portuguese interests. Non-Portuguese foreign investments were only rarely taken over, and in June 1979, the government adopted a new Law on Foreign Investments to attract new investors to Angola. It was revised during 1987 in order to improve incentives for foreign investors, linking performance to profits obtained, and is foreseen to be adopted by the National Assembly in 1988.

The government endeavours to encourage foreign investment. It appears that joint-venture partnership will be allowed not only with state enterprises but also with local private sector. However, details are expected to be clarified only when the legal framework governing foreign investment is finalized. Table 2.13 lists priority industrial projects and indicates the extent to which foreign investment is required.

Table 2.13: Priority industrial projects, 1987

Product	Potential output per annum	Investment required (Kz million) Local	Foreign	Total
Wheat flour	199,200 t (expansion)	-	30.0	30.0
Maize flour	110,400 t (expansion)	-	45.0	45.0
Fresh yeast	1,200 t (rehabilitation)	0.9	39.3	40.2
Pasta	12,000 t (expansion)	20.0	45.3	65.3
Cooking oil	14,300 kl (expansion)	75.0	200.0	275.0
Margarine	5,800 t (new project)	26.3	215.1	241.4
Clothing and shoes	- (expansion/ rehabilitation)	-	45.0	45.0
Electrical and telephone cables	1,300 t (rehabilitation)	-	15.0	15.0
Matches	60 million boxes (expansion)	-	16.5	16.5
Batteries	140,000 units	-	80.0	8.0
		122.2	731.2	853.4

Source: Ministry of Industry.

3. POLICIES AND INSTITUTIONAL FRAMEWORK FOR INDUSTRIAL DEVELOPMENT

3.1 Industrial policy environment

The resolution on economic policy, proclaimed in October 1976 and ratified by the first Congress in December 1977, spelled out the goals of national reconstruction and the forms it should take during the post-independence era. A glance at selected parts of the resolution could provide some idea about the general policy environment for industrialization. From a strategic point of view, the resolution on economic policy aimed at:

- creating the material and technical bases for socialism;
- initiating plannned development with agriculture as its basis and industry as the decisive sector;
- harmonizing sectoral economic activities; and
- orienting the basic objectives of production towards the needs of the people.

The practical implementation of policies aimed at:

- restoring 1973 production level in the most decisive and important sectors;
- achieving progressive expansion of the State sector;
- instituting a vigorous system of control over the national economy through the plans;
- relating wage levels with quantity and quality of production; and
- rejuvenating key industrial activities in addition to the oil industry.

Looking at the general policy environment from the industrial development perspective, it appears that the manufacturing sector is expected to contribute to the material and technical basis for self-sustained growth in pursuit of satisfying the needs of the masses. The degree and the pace of industrialization were attuned to restoring at least the 1973 production level in key manufacturing industries.

For each branch of the economy general indicative plans were elaborated in the Five-Year Plan for 1981-1985. In order to reverse the considerable decline of agricultural and industrial production experienced over several consecutive years, and to remedy structural and institutional-organizational shortcomings, the government, in early 1983, departed from their customary planning practice and introduced a three-year Emergency Plan, which stresses, an inter-sectoral thematic approach:

- reactivation of agricultural production, especially through support to the small-holder sector, including the promotion of co-operatives and improvements of rural transport;

- stimulation of production of agricultural-based export commodities, viz coffee;

- recovery of industrial production through physical rehabilitation of installed plant capacity and improvement of management systems and of internal commerce and other measures required to ensure supply of vital raw materials;

- specific manpower development programme for managerial and administrative personnel;

- introduction of effective systems for financial resources control, budgetary planning and national accounts, including debt monitoring;

- extension of Primary Health Care systems throughout the country with special emphasis on rural areas;

- rehabilitation and improvement of transport by sea (ports), land (rail and road), and air.

Consequently, on-going and planned development co-operation programmes of bilateral and international donors have been screened with a view to concentrating efforts on priority sectors and programmes included in the Emergency Plan.

This exercise has already led to the cancellation or phasing out of various programmes which did not promise early economic returns or rapid developmental impact.

In this context, a new look has been cast at the existing administrative machinery and measures have been taken to render provincial administrations more effective. The government has begun to consciuosly delegate authority to regional entities, while a co-ordination mechanism has been created at the central and provincial level, inter alia, under the aegis of a special Ministry of Provincial Co-ordination.

In announcing the introduction of the Emergency Plan, the government recognized that past development efforts were conceived as an aggregate of sectoral plans for agriculture, industry, construction, etc. and decided to replace the sectoral approach by a more comprehensive view of cross-sectoral problems.

3.2 Priority objectives

The following priority objectives are listed in the Angolan government's economic policy for the period 1986-1990:

- to accord absolute priority to the defence needs;

- to achieve better efficiency of work and in production in order to create preconditions for socio-economic stability;

- to attract foreign investment;

- to diversify exports (in this context, the Central Committee drew the attention of the Congress to two ways to improve the investments of the country:

(a) utilization of the possibilities offered by socialist countries, whereby investments can be amortized with the products produced; and
(b) substitute technical assistance agreements with foreign companies and arrangements whereby these companies share the risk of a specific undertaking with the Angolan firms; and

- to reformulate the methods for efficient management of the economy in the context of planned socialist administration.

The following specific objectives are spelled out for the manufacturing sector for the period 1986-1990:

- to strengthen the integration between diverse economical activities, in particular between industry, agriculture and trade in order to stimulate the national agricultural production and decrease the dependency on imports. (The industrial enterprises should associate themselves with agricultural enterprises and explore possibilities to engage in agricultural production of raw materials and at the same time stimulate such production by the peasants and introduce systems of commercialization in the country);

- to decentralize the management of the industrial enterprises applying improved laws and rules in order to make enterprises responsible for their results;

- to reduce investments and endeavour to make existing installations profitable;

- to decentralize industrial production through the establishment of small, local industries capable of processing agricultural products to meet various local needs;

- to develop the capacity of Angolan technicians and workers to make investments profitable; and

- to stimulate the transfer of know-how and technology.

The economic and financial restructuring programme (SEF) pretends to let economic criteria have a greater say in economic decisions than administrative criteria, implying an adjustment of the Angolan foreign exchange rate, liberalization of prices, criteria of economic efficiency guiding new investments, etc.

Re-orientation of the general state budget

So far, it has had little practical difference whether a State-owned manufacturing firm has produced a profit or a loss since profits were absorbed by the State budget and loss financed by the State budget almost automatically.

This procedure is foreseen to be changed in order that the firms on the one hand can keep part of their profits, but on the other hand, in case of losses, have to obtain finance through the banks under normal financial conditions, possibily leading to a restructuring or even closure of the enterprise.

New procedures for undertaking investments

So far, new investments within manufacturing can only be undertaken if included by the Ministry of Industry in the Annual Plan. In the future, it is foreseen that the firms decide themselves on new investments, but have to provide the savings needed through their own means.

Decentralization of decision-making

The Angolan government realizes that the present relations between the Ministry of Industry and the manufacturing firms represent an unproductive over-centralization of decisions and foresees to limit the role of the Ministry of Industry to the overall planning and co-ordination of branches and sectors. The manufacturing firms will, at the same time, obtain more autonomy in managing the enterprises.

Liberalization of prices

Since a devaluation of the Kwanza is foreseen with subsequent increases of salaries, the system of prices is to be reviewed with the objective - in a second phase - to give firms more authority in setting their own prices.

Modification of the wage policy

So far, salaries have been fixed, but it is foreseen to give firms a greater freedom in setting salaries and deciding on labour issues, although they still have to respect the existing minimum wage and other labour regulations.

Changes within the Law on Foreign Investments

It is foreseen to change the Law on Foreign Investments in order to link performance to profits, thereby forcing the foreign investor to take greater risks with the possibility of earning profits and to prevent that Angola has to pay foreign exchange for expatriate services which have little impact on the performance of the Angolan firms.

Changes within the foreign exchange regime

In order to promote exports and to restrict imports, a new foreign exchange regime is foreseen to be introduced.

Changes within the banking system

It is planned to review the banking system, especially Banco Nacional do Angola and Banco Popular do Angola, with a view to defining their functions.

3.3 Institutional framework for industrial development

The Ministry of Industry is responsible for the overall supervision of the industrial sector in Angola. There are National Directorates for food, light and heavy industries in addition to Directorates for geology and mining industry. The institutional framework for industrial development is illustrated in Tables 3.1 and 3.2.

Table 3.1: Chart of the State composition

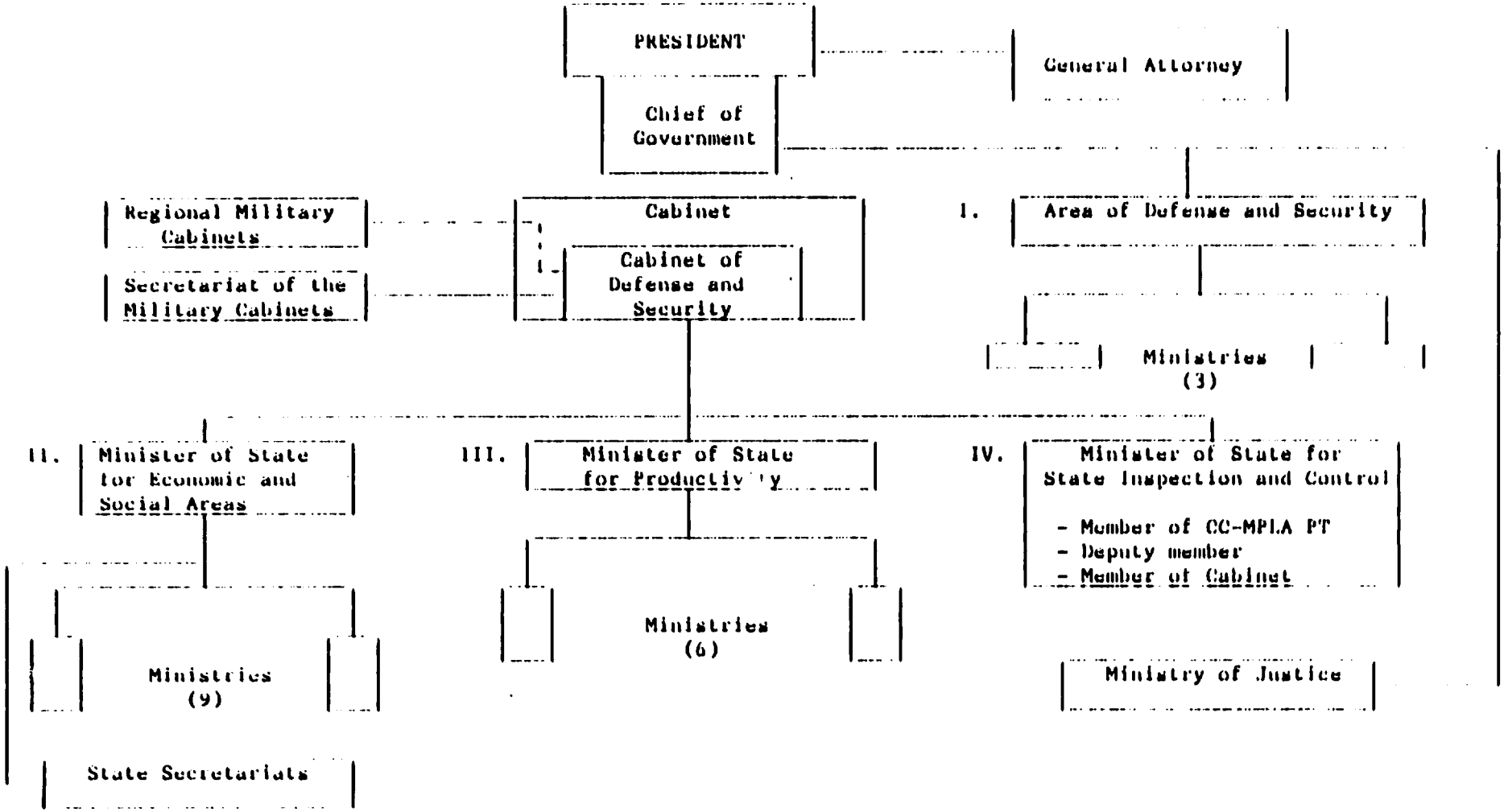
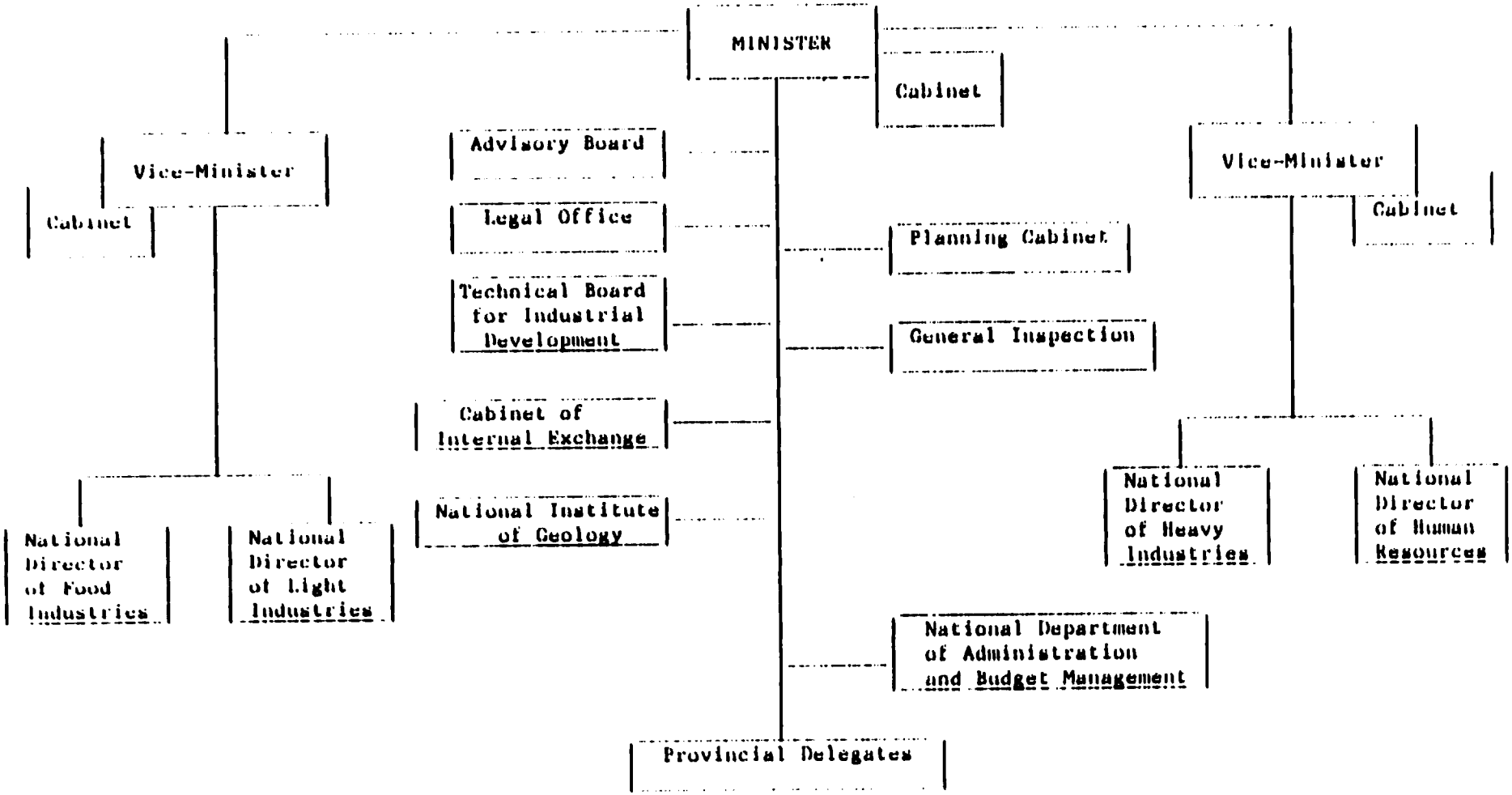


Table 3.2: Organizational Chart of the Ministry of Industry



4. RESOURCES FOR INDUSTRIAL DEVELOPMENT

4.1 Human resources

Angola had in 1986 an estimated population of 8.99 million inhabitants, with around 2.8 million living in the urban and about 6.2 million in the rural areas. As shown in Table 4.1, the urban population of Angola has more than tripled since 1970, while the growth of the rural population has taken place at a much slower pace.

At independence, the Angolan government had to cope with the most adverse effects of the massive departure of foreigners who had occupied most of the professional, skilled and semi-skilled positions in the public and private sectors. In order to maintain vital managerial, administrative, technical and clerical functions, the overseas recruitment of several thousand operational support personnel was arranged, exerting a sizeable drain on foreign currency reserves. The "co-operantes" concept was meant as a bridge until well-trained, experienced national cadres became available. In 1985, the government undertook a thorough review of the "co-operantes" programme and proposed policy and administrative measures, including the renewed recommendation for a broad-based, systematic effort to train national cadres and gradually reduce the considerable dependency on expatriate personnel.

During the remainder of the current decade and beyond, the government plans to undertake detailed studies on middle and high- level manpower requirements, initially in key productive sectors such as agriculture, industry, transport and energy. The studies encompassing the present and projected nature and range of activities will enable the government to fully gauge existing manpower deficits; to quantify the temporary demand for foreign operational, advisory and specialty expertise; and to design and organize needs-related and practice-oriented training programmes.

Table 4.1: Urban and rural population of Angola 1970, 1985 and 1986
('000 inhabitants)

	1970[a/]	1985[b/]	1986[b/]
Rural population	4,752	6,607	6,218
Urban population	836	2,147	2,772
Total	5,588	8,754	8,990

Source: Informaçao Estatistica 1984-1985, 1987, p. 20.

a/ 1970 Census.

b/ Estimate.

The government had a massive educational task ahead of it following independence. Estimates put the level of illiteracy at between 85 to 90 per cent, while the shortages of teachers and facilities were severe. The October 1976 plenum of the MPLA Central Committee studied the issue at lenght and set the elimination of illiteracy as the immediate task. To cope with the literacy campaign, a National Literacy Commission was created under the leadership of the Minister of Education.

Overall, the government has not been unsuccessful in building a new educational system from the ruins of the wholly inadequate inheritance from colonialism. But for real progress to be made, time and more resources have to be made available and conditions created in which educational services can be made available in all areas of the country. As with political and economic tasks, the educational problems are only likely to be successfully tackled if peace is restored. The drain of manpower and funds deprive the educational systems of teachers and the resources with which to build schools, print books and purchase equipment, while the war in the southern and central regions prevents the spread of the school system.

The issue of industrial training was given high priority at the 2nd Congress of the MPLA Partido do Trabalho in December 1985, and the President often refers to this issue in official speeches. The need to advance this area has been reinforced by the fall in the oil price and the subsequent elimination of a number of technical assistance contracts, whereby the number of foreign technicians and "co-operantes" were drastically reduced in 1986. The first meeting of the National Council for Technical Training was held in Luanda during the period 25-29 October 1987. As a consequence of the meeting a National System for Technical Training has been defined. The system operates with two components: the Systematic Technical Training and the Complementary Technical Training.

The Systematic Technical Training directs itself towards 14-year old persons, who are not going to continue theoretical training, and unskilled workers. They are trained in Centres of Technical Training created and operated by the Ministry of Industry with the consent of the Ministry of Education. Part of the training has the objective of increasing the ability of the students to read and write, while another part is directed against technical training. There exists presently 45 such centres in Angola, with an estimated capacity of 6,225 students.

In addition, a number of Industrial Institutes exist, although they follow another type of training. The Complementary Technical Training foresees a number of different types of additional training programmes. A total of 247 firms exist within Angola, where 97 have been given priority with regard to technical training. Of these firms, 44 are under the supervision of the Ministry of Industry. Presently, there exists 72 centres of this kind, with a capacity of 5,000 students.

All Angolan firms are foreseen to contribute to this endeavour on the basis of their profits and number of employees, while all state organs which depend on the General State budget for their activities shall include funds for this purpose within their annual budgets.

Table 4.2: Population by age-groups and sex, 1970, 1975, 1980, 1985 and 1990 ('000)

	1970	1975	1980	1985	1990
Men:	2,741	3,200	3,794	4,306	4,926
0 - 14 years	1,188	1,410	1,699	1,946	2,240
15 - 64 years	1,483	1,701	1,995	2,243	2,552
65 - years	70	83	100	117	134
Women:	2,847	3,320	3,929	4,448	5,076
0 - 14 years	1,205	1,426	1,713	1,957	2,246
15 - 64 years	1,552	1,786	2,087	2,344	2,662
65 - years	90	108	129	147	169
Total:	5,588	6,520	7,723	8,754	10,002
0 - 14 years	2,393	2,836	3,412	3,903	4,485
15 - 64 years	3,035	3,493	4,082	4,587	5,214
65 - years	160	191	229	264	303

Source: Informaçao Estatistica 1984-1985, 1987, p. 20.

4.2 Agricultural resources

Once a large net exporter of agricultural products, Angola now exports very little farm produce and depends almost entirely on imports to feed its urban population. Commercial agriculture, which was well developed by the end of the colonial period largely ceased to exist when the settler population fled in 1975/76. The peasantry reverted to mainly subsistence farming because of the departure of the Portuguese bush traders and the subsequent lack of incentives to market crop surpluses. In recent years the spread of the guerilla war has made matters even worse, driving peasants from their fields, disrupting transport and making it more difficult to re-establish a system of rural-urban trade.

Angola could have emerged as one of the most prosperous agricultural economies in Africa. The country is huge and has good climate, water resources and soils for cultivation of a very wide range of crops. The richest agricultural areas, with the best soils and most favourable climate conditions. Rainfall diminishes from north to south, creating a succession of climatic zones. With the exceptions of bananas and beans, the 1975 output of all other crops fell short of the 1980 production levels (Table 4.3).

The government is aware of the gravity of the country's agricultural decline because of its adverse impact on the national economy. By 1984, the government recognized the limitations of dependence on State farms and State trade companies and began to take steps towards re-orientation of agricultural strategy to support peasant producers. This new approach was debated extensively during the preparations for the Second Party Congress in December 1985 and was subsequently endorsed by the Congress itself.

Table 4.3: Agricultural production marketed by state bodies, 1980, 1982, 1984 and 1985
(tonnes)

Commodities	1980	1982	1984	1985	1985 production as per cent of 1980
Seed cotton	1,453	3,130	290	254	17.5
Rice (in husk)	3,205	4,600	1,735	285	8.9
Bananas	10,695	11,000	10,775	21,094	197.2
Potatoes	8,793	12,790	3,336	5,309	60.4
Coffee	36,576	23,470	10,589	13,686	37.4
Citrus fruit	4,332	3,320	2,435	2,291	52.9
Beans	693	4,010	1,169	2,398	346.0
Sunflower	796	620	166	83	10.4
Vegetables	17,496	14,370	9,866	16,982	97.1
Dry cassava	8,452	17,610	4,164	5,522	65.3
Maize	30,840	32,570	16,343	11,935	38.7
Palm oil	3,290	2,500	1,532	1,190	36.2
Sisal	3,384	...	789	690	20.4
Leaf tobacco	251	240	296	38	15.1

Source: Informaçao Estatistica 1984-1985: 1987, p. 33

The government's top priority is to revive marketed production of maize and other food crops such as cassava and beans, in order to improve food supplies to the urban population and to reduce food import costs. Its second priority is cotton, in view of the large needs of the domestic textile industry. The other main priorities are coffee, timber and livestock. Sisal, by contrast, has been given low priority because the plantations are very old and would need substantial investments. Security conditions are bad in the districts of Benguela province where sisal is traditionally grown. World market prospects remain sluggish. Geographically, the greatest effort is likely to be made in the south west, where a regional development programme has been drafted with the assistance of the UNDP. This is a region that has been more or less untouched by the guerilla war and, with appropriate policy reforms, could generate substantial surpluses of maize, meat and other produce.

Hence, these and other measures should gradually begin to reverse the decline in marketed agricultural production, at least in secure areas of the country such as the south west. However, efforts to improve the flow of goods to the rural areas, on which the marketing of peasant surpluses ultimately hinges, will be impeded by the severe foreign exchange constraints following the fall in oil prices, though the government took care not to reduce foreign exchange allocations for goods for rural marketing campaigns when it revised the 1986 import budget. Recovery in much of the country, especially key food growing provinces such as Huambo, will ultimately hinge on a restoration of security in the rural areas. In the long term, however, Angola's agricultural potential is impressive, given the huge amount of available land, the diversity of crops that can be grown in the country's range of climatic zones, and the large irrigation potential of its rivers.

4.3 Mining and energy resources

Angola is known to be very rich in minerals such as diamonds, iron ore, deposits of petroleum, copper, manganese, phosphates, uranium, salt, coal, gold, bauxite, mica, nickel, limestone, gypsum, asphalt rock, rare earth and radioactive elements. Table 4.4 presents data pertaining to several segments of mineral production during 1973-1985. The minerals industry of Angola is, in terms of value, the largest in the SADCC region. But this is almost entirely due to crude oil output. Table 4.4 shows that crude oil output increased by almost 70 per cent over the period 1980-1985, while production of diamonds suffered a 51.7 per cent decline during the same year.

Table 4.4: Mineral production, 1973-1985

Mineral	Volume	1973	1980	1981	1982	1983	1984	1985	Percentage change 1973-1985	Percentage change 1980-1985
Mining:										
Asphalt	kt	49.6	...	...	...	...	...	...		
Beryl	t	115.0	...	...	...	...	...	...		
Gypsum	kt	92.2	...	...	...	...	...	...		
Diamonds	Mcts	2.1	1.5	1.4	1.2	1.0	0.9	0.7	-66.0	-51.7
Gold	kg	0.5	...	...	...	...	...	...		
Granite	k-m^3	8.0	1.3	1.4	1.6	1..	-	0.5	-93.6	-59.4
Iron ore	Mt	6.0	...	...	...	...	...	...		
Kaolin	kt	0.7	...	...	...	...	...	...		
Limestone	Mt	9.0	...	...	...	...	...	...		
Manganese	kt	6.2	...	...	...	...	...	...		
Marble	k-m^3	1.5								
Oil (crude)	Mbbl	58.7	49.7	47.4	47.6	65.2	74.7	84.4	43.8	69.8
Quartz	kt		1.8	1.1	...	...	...	...		
Salt	kt	96.7	23.8	38.9	21.9	7.9	...	6.0	-93.8	-74.8
Refining:										
Cement	kt	767.7	253.0	243.5	175.5	125.0	126.4	205.0	-73.3	-19.0
Steel rod	kt	35.7	3.6	2.7	1.7	2.3	1.8	4.1	-88.5	14.2
Oil products	Mt	6.6	1.2	1.2	1.0	1.2	1.2	1.4	-79.0	19.0

Source: Institute of Mining Research, Raw Materials Report, Harare, Zimbabwe, 1986, Vol. 5 No. 1.

In the southern area, with good transportation by rail or road to the port of Namibe, a number of black granite quarries were operating in the past; black Angolan granite is an internationally known brand. Its use is traditionally in the tombstone industry; currently this type of black granite is in heavy demand, particularly in the US and in Japan, and used as ornamental stone. A recent market and feasibility study[1/] concluded that there were excellent marketing possibilities, with a price of $500 per ton.

1/ Wälde, T., Mineral Development in Angola: Investment Policies, Legislation, Contracts, Nat... Resources and Energy Division, Department of Technical Co-operation f... ...elopment, United Nations, New York, 1987.

In addition, there are several deposits of marble (white, pink and other colours) nearby, which could be worked. Some of the marbles could be exported, other marble types might be more suitable for the local market after cutting and polishing. A study is underway to investigate the industrial use of kaolin.

Energy resources

Angola is particularly well endowed with energy resources. Its total proven recoverable reserves of crude oil, as of December 1984, were estimated by the State oil company Sonargol, at 1.7 billion barrels. This is sufficient, quite apart from new discoveries, to maintain production at its present rate until the end of the century. Most Angolan oil is light with a low sulphur content. Natural gas reserves were estimated at 37 billion m^3 at the end of 1984. In addition to these hydrocarbon resources, Angola has enormous hydroelectric potential on its numerous rivers, among them the Cunene and the Kwanza. As a large net exporter of energy and the only oil producer in the region, Angola has taken responsibility for promoting co-operation in energy matters on behalf of the SADCC, whose energy secretariat is based in Luanda.

4.4 Manufacturing prospects and the role of technical co-operation

Much of the marked decline in manufacturing production has been due to disruption of production bases and shortage of raw materials. Transport constraints caused by the civil war, declining investment and rigid planning system also contributed to the process of de-industrialization during the post independence era. However, 13 years after independence the country's installed capacity in manufacturing enterprises stands as an asset, while Angola's agricultural, oil, mineral and energy resources could contribute significantly towards the creation of a strong industrial base for sustained growth. Given the installed capacity in manufacturing, the process of industrial rejuvenation should link manufacturing activities more closely with the resource endowments.

Major efforts in manpower mobilization, acquisition and efficient distribution of prerequisite input packages as well as significant logistic and organizational improvements are needed to enable the industrial rehabilitation programme to yield tangible results.

The short-run manufacturing prospects concern the matching of underutilized capacity with import needs. In cases where idle capacity is due to lack of imported inputs, bilateral arrangements could be envisaged in terms of an import package deal with the assistance of donor pledges. In May 1988 import pledges came from the EC ($23.4 million), Italy ($21 million), France ($8 million), Sweden ($6 million), Federal Republic of Germany ($4.4 million) and Portugal ($1 million). These pledges are emergency assistance for more than 1.5 million people affected by war. Similar import pledges in terms of industrial inputs could be sought, with a view to increasing capacity utilization. In 1988 the European Investment Bank (EIB) sanctioned ECU 4 million to finance small- and medium-scale projects in the industrial sector, mining and tourism, repayable in 10-20 years at 2 per cent interest, while ECU 35 million came from the European Development Fund (EDF) for importation programme. The utilization of import pledges for short-term rehabilitation programme is important not only because of the immediate effects in terms of production, but also because it may pave the way for more advanced forms of industrial co-operation.

Industrial co-operation in the medium-term may involve rehabilitation and expansion of promising industrial projects. In the long run industrial co-operation could be related to the establishment of new plants in pursuit of expanding the size of the Angolan industrial base with the country's abundant agricultural and mineral resources.

In view of the current sizeable deficit of skilled manpower, there continues to be a special need for experts assigned to on-line positions, primarily in the fields of middle-level technical and managerial functions in the productive and service sectors. Recent contracts with research and development institutions and with educational and training establishments in several Latin American countries have been successful and it is intended to more fully tap their relevant experience and capabilities for the national development process by way of Technical Co-operation among Developing Countries (TCDC) projects or project components. The government is eager, in particular, to derive practical benefits from regional training and research as well as transport management.

Confronted with enormous socio-economic difficulties and almost virtual breakdown of manufacturing activities, the government attempts to adopt a pragmatic approach to regain the pre-independence pace of expansion in manufacturing activities. However, the government is conditioned to allocate a considerable amount of its financial and material resources to defence efforts which constitutes a drain of both manpower and financial resources.

The government endeavours to broaden its links with regional and international organizations in pursuit of obtaining substantial assistance for industrial development. The United Nations system has a regular consultation and co-ordination mechanism with the government.

The 1982-1986 Country Programme earmarked $21.4 million for specific projects. In the course of its implementation top-mast priority was accorded to the rehabilitation of production capacity of food and other vital industries. Policies were also re-oriented to expand emergency and relief programmes, to revamp and modernize national accounts and the fiscal revenue system and to effectively plan and organize economic recovery and reconstruction programmes at the regional level. Angola's second country programme (1987-1991) coincides with introduction of Angola's new Two-Year Plan. The primary objective is focussed on effective economic management and resource mobilization for reconstruction and development.

UNIDO technical co-operation projects encompass assistance to iron ore and scrap processing, establishment of an industrial information service, foundry industry development, maintenance and repair centre, pre-investment studies, assistance to the rehabilitation of bread production, techno-economic feasibility study for converting a sugar enterprise into agro-industrial complex, etc.[1/]

Both multilateral and bilateral assistance is needed to supplement the efforts of the government in fostering the process of industrialization. While the government endeavours to revamp the industrial incentive system with a view to attracting foreign investment, substantial external assistance is deemed vital for enabling the ailing Angolan manufacturing sector to cope with existing constraints, and to stimulate industrial recovery.

1/ See Annex E.

ANNEX A

STATISTICAL TABLES

Table A-1: Manufacturing firms by type of ownership and end-use, 1983

	Total	State	Mixed	Private
I. Subordinated to Ministry of Industry				
Food industries	42	31	2	9
Light consumer industries	54	18	2	34
Heavy industries	38	21	2	15
Total:	134	70	6	58
II. Subordinated to provincial authorities				
Food industries	17	15	—	2
Light consumer industries	24	16	—	8
Heavy industries	21	7	—	14
Total:	62	38	—	24
Manufacturing firms included in planning and industrial statistics:	196	108	6	82
Manufacturing firms, total:	247	142	14	98

Source: Ministry of Industry.

Table A-2: Structure of manufacturing industry and employment according to ISIC categories, 1983

ISIC	Branch of manufacturing	Firms		Workers[a/]	
		Number	Per Cent	Number	Per Cent
31	Food, beverages and tobacco	69	27.9	28,273	38.9
32	Textiles, clothing and leather	35	14.1	11,435	15.7
33	Wood products, including furniture	11	4.5	3,935	5.4
34	Paper and printing	18	7.3	11,480	15.8
35	Chemicals and petroleum products	30	12.2	5,511	7.6
36	Non-metallic mineral products	11	4.5	2,899	4.0
37	Basic metal industries	7	2.8	1,502	2.1
38	Metal products, machinery equipment	55	22.3	6,789	9.3
39	Other manufacturing industries	11	4.5	841	1.2
3	Manufacturing	247	100.0	72,668	100.0

Source: Calculated on the basis of General Register of Firms, Ministry of Industry, Luanda, April, 1984 (CINO 11).

a/ The Table includes only firms with more than 10 employees.

Table A-3: Capacity utilization in Angolan food industry, 1980-1987
(selected years)

Product	Unit	1980	1982	1984	1986	1987 a/	Available capacity
Beer	hl	713,761	562,893	655,681	583,430	466,170	1,435,800
Soft drinks	hl	263,125	181,816	99,302	71,310	71,720	366,650
Wine	hl		68,212	60,978	43,580	33,900	280,000
Fermented drinks	hl	94,535	53,426	29,994	39,330	37,230	65,500
Liquors and spirits	hl	11,202	23,787	20,763	16,440	14,000	20,500
Sugar	tonnes	25,217	27,768	20,236			
Maize flour	tonnes		33,627	29,524	42,025	24,252	78,514
Wheat flour	tonnes	51,212	41,502	27,628	25,085	31,730	76,000
Noodles	tonnes	5,760	6,384	8,024	6,070	3,603	10,792
Biscuits	tonnes	2,435	1,273	686	400	920	2,893
Margarine	tonnes	1,519	1,122	563	245	237	2,545
Instant coffee	tonnes	4	26	-	-	-	134
Canned meat	tonnes	331	403	439	-	-	
Coffee beans	tonnes	1,305	1,189	-	105	170	1,094
Common salt	tonnes	23,844	21,913	-	3,800	3,746	4,600
Pure salt	tonnes	3,953	2,369	-	-	-	...

Source: Ministry of Industry.

a/ Estimate.

Table A-4: Capacity utilization in light consumer industry, 1980-1987

Product	Unit	1980	1982	1984	1986	1987[a]	Available capacity
Cloth	'000 m^2	18,546	17,081	7,530	13,894	5,919	21,911
Blankets	'000 pieces	238,500	252,885	91,300	180,000	106,000	899,000
Cotton yarn	tonnes	190	165	25	121	119	386
Trousers	'000 pairs	877	811	642	606	372	1,293
Skirts	'000 pieces	800	712	872	709	533	1,754
Shirts	'000 pieces	1,873	2,506	2,132	1,369	588	3,378
Leather shoes	'000 pairs	310	228	634	295	141	565
Canvas shoes	'000	206	215	91	84	57	596
Plastic shoes	'000 pairs	226	321	481	887	552	1,271
Tobacco	tonnes	1,821	2,007	1,911	1,789	1,770	4,447
Matches	'000 boxes	22,938	44,697	35,180	27,612	8,855	60,000
Soap	tonnes	8,752	8,837	7,799	11,012	2,207	27,763
Paint	tonnes	4,072	3,563	3,302	1,969	1,390	8,305
China pottery	tonnes	498	395	743	274	104	580
Plastic bottles	'000 pieces	1,054	460	1,356	1,103	6,300	
Plastic bags	tonnes	3,186	2,733	1,834	2,275	287	6,712
Foam mattress	pieces	65,977	35,126	43,854	43,000	13,421	60,000

Source: Ministry of Industry.

a/ Estimate.

Table A-5: Physical output of heavy industries, 1980-1986
(selected years)

Product	Unit	1980	1982	1984	1985	1986
Tyres	Number	87,086	55,250	34,815	47,797	31,382
Tyre tubes	Number	53,577	13,224	4,583	4,333	9,126
Buses	Number	116	220	63	24	101
Light vehicles	Number	384	455	358	267	3
Bicycles	Number	6,919	3,996	1,521	1,824	8,303
Motorcycles	Number	6,308	2,718	1,697	1,391	5,975
Ploughs	Number	1,915	--			225
Dry batteries	1,000	3,153	2,098	1,214	1,590	657
Batteries	Number	50,127	38,337	19,750	28,732	19,017
Refrigerators	Number	--	--	3,092	2,804	4,439
Acetylene	m^3	126,560	116,713	121,362	125,122	...
Oxygen	m^3	430,223	380,770	389,386	554,930	...
Electric wires	tonnes	513	210	246	839	411
Steel bars	tonnes	3,595	1,670	1,832	4,099	6,589
Black tubes	tonnes	5,011	988	3,731	3,725	3,112
Zinc plates	tonnes	3,970	3,137	3,596	5,670	3,758
Metal packages	tonnes	--	--	361	1,205	...
Carton packages	tonnes	2,655	2,896	1,000	1,455	...
Cable wires	tonnes	447	293	512	511	...
Ship construction and repair	man h.	--	710,878	663,164	942,657	1,095,300
Radio receivers	Number	72,774	86,598	36,989	35,828	21,427
TV sets	Number	8,682	10,658	2,146	8,329	4,946
Paper	tonnes	4,016	--	--	--	--
Paper paste	tonnes	1,757	--	--	--	--
Aluminium	tonnes	--	--	429	732	606
Cutlery	'000	1,304	--	214	422	1,940
Rubber handicrafts	tonnes	--	--	20	50	55
Metal furniture	tonnes	--	--	720	720	815

Source: Ministry of Industry.

Table A-6: Average apparent consumption of selected manufactures, 1981-1983

Product grouping and commodity (ISIC)		Unit	Average apparent consumption per 1000 inhabitants	Imports as percentage of apparent consumption	Exports as percentage of apparent consumption	Average annual production	Growth rate of apparent consumption
			1981-1983	1981-1983	1981-1983	1981-1983	1975-1983
FOOD PRODUCTS							
Raw sugar (311801)		M					25 74
Refined sugar (311804)		M	10 22	66 8	0 0	25331	-7 55
Cocoa powder (311907)	a/	M	0 01	8 5	0 0	85	21 48
Cocoa butter (311910)	a/	M	0 01	0 0	0 0	75	19 24
Chocolate and chocolate products (311913)	b/	W	0 08	20 8	0 0	402	5 21
Prepared animal feeds (312201)	b/	W	15 33	0 0	0 0	97000	0 20
OILS AND FATS							
Oils and fats of animals, unprocessed (311507)		W					
Oils of vegetable origin (311510*)		M	12 19	38 8	0 0	55766	6 40
TEXTILES							
Wool yarn, pure and mixed (321103)	a/	M	0 00	100 0	0 0	0	43 02
Cotton yarn, pure and mixed (321109)	b/	W	0 48	7 4	0 0	3100	1 50
Cotton woven fabrics (321128)		S					-0 72
Woollen woven fabrics (321134)		S					
Knitted fabrics (321301)		W					
FOOTWEAR							
Footwear, excluding rubber footwear (324000)	b/	P	472 71	90 6	0 0	324000	35 24
WOOD AND WOOD PRODUCTS							
Veneer sheets (331110)	a/	V	0 40	0 1	0 0	2950	15 28
Particle board (331122)		V					
PAPER AND PAPER PRODUCTS							
Wood pulp, mechanical (341101)	a/	M	0 00			0	
Pulp of fibres other than wood (341104)	a/	M	0 27	0 0	0 0	2000	
Wood pulp, dissolving grades (341107)	a/	M	0 00			0	
Wood pulp, sulphate and soda (341110)	a/	M	4 74	0 0	0 0	35000	2 52
Wood pulp, sulphite (341113)	a/	M	0 00	100 0	0 0	0	-70 28
Wood pulp, semi-chemical (341116)	a/	M	0 00			0	
Newsprint (341119)		M	0 27	50 0	0 0	1000	-1 38
Other printing and writing paper (341122)	b/	M	1 37	69 9	0 0	3000	16 63
Kraft paper and kraft paperboard (341125)		W					
Other paper and paperboard (341131)		W					1 44
INDUSTRIAL CHEMICALS							
Methanol (methyl alcohol) (351121)		M					3 50
Glycerine (glycerol) (351125)	a/	W	0 01	2 8	0 0	101	0 15
Chlorine (351145)		M					64 89
Sulphuric acid (351147)		M					
Nitric acid (351149)		M					
Zinc oxide (351154)		M					
Titanium oxides (351155)		M					
Lead oxides (351157)		M					
Ammonia (351158)		M					
Caustic soda (351159)		M					
Soda ash (351166)		M					24 90
Hydrogen peroxide (351171)		M					
Calcium carbide (351173)		M					
Dyestuffs, synthetic (351174)		M					
Vegetable tanning extracts (351175)		M					
Nitrogenous fertilizers (351201)		M	0 60	100 0	0 0	0	5 31
Phosphatic fertilizers (351204 + 351207)		M	0 63	100 0	0 0	0	12 93
Potassic fertilizers (351210)		M	0 16	100 0	0 0	0	-8 69
Insecticides, fungicides, etc (351218)		M					6 13
Rubber, synthetic (351301)	b/	M	0 41	100 0	0 0	0	0 00
Non-cellulosic staple and tow (351304)		M					
Regenerated cellulose (351331)		M					

*******> continued

Table A-6 (continued)

Product grouping and commodity (ISIC)		Unit	Average apparent consumption per 1000 inhabitants	Imports: As percentage of apparent consumption	Exports: As percentage of apparent consumption	Average annual production	Growth rate of apparent consumption
			1981-1983	1981-1983	1981-1983	1981-1983	1975-1983
PETROLEUM REFINERIES							
Motor gasolene (353007A)	a/	W	10 70	29 2	10 4	65000	3 82
Kerosene (353013A)		W	2 78	0 0	0 0	20500	4 99
Distillate fuel oils (353019A)		W	35 45	21 4	8 3	225000	7 01
Residual fuel oils (353022A)		W	82 84	0 0	19 9	581667	39 57
Lubricating oils (353025A)		W					
Liquefied petroleum gas (353037A)		W	2 72	37 7	0 0	12667	3 12
GLASS AND CEMENT							
Glass bottles and containers (362010B)		W	. . .	. . .			
Cement (369204)		M	. . .	. . .			
IRON AND STEEL							
Pig iron (371007 + 371010)		M					
Wire rods (371028)	b/	M	0 44	100 0	0 0	0	120 27
Angles, shapes and sections (371035)		M	. . .	. . .			
Plates(heavy), over 4.75 mm (371040)		M	. . .	. . .			
Plates(medium), 3 to 4.75 mm (371043)		W	. . .	. . .			
Plates and sheets, < 3 mm (371046 + 371049 + 371052)	a/	M	0 43	100 0	0 0	0	-24 65
Tinplate (371055)		M	. . .	. . .			15 52
Railway track material (371067)		M	. . .	. . .			-63 39
Wire, plain (371070)		M	. . .	. . .			-23 23
Tubes, seamless (371076)		W	. . .	. . .			
Tubes, welded (371079)		W	. . .	. . .			
Steel castings in the rough state (371085)		W	. . .	. . .			
Steel forgings (371088)		W	. . .	. . .			
NON-FERROUS METALS							
Copper, refined, unwrought (372004)		W	. . .	. . .			
Copper bars, rods, angles, etc (372010 + 372013)		M	. . .	. . .			
Copper plates, sheets, strip and foil (372016)		M	. . .	. . .			15 61
Copper tubes and pipes (372019)		M					
Aluminium, unwrought (372022)	a/	M	0 00	100 0	0 0	0	-65 86
Aluminium bars, rods, angles, etc (372025 + 372028)		W	. . .	. . .			
Aluminium plates, sheets, strip etc (372031)		W	. . .	. . .			
Aluminium tubes and pipes (372034)		M	. . .	. . .			55 71
Lead, refined, unwrought (372037)		W	. . .	. . .			
Zinc, unwrought (372043)		W	. . .	. . .			
Zinc plates, sheets, strip and foil (372046)		W	. . .	. . .			
Tin, unwrought (372049)		M	. . .	. . .			18 67

Source: Statistics and Survey Unit, UNIDO.
Based on data supplied by the UN Statistical Office, with estimates by the UNIDO Secretariat.

Note: ISIC 311510* consists of 311510 + 311513 + 311516 + 311519 + 311522 + 311525 + 311528 + 311531 + 311534 + 311537
Growth rates have been calculated on the basis of available annual data over the period indicated.
Footnotes: a/ Data for 1983 not available
b/ Data for 1981 only

Table A-7: Selected performance indicators of Angolan manufacturing[a/], 1980-1987
(Kz million at 1985 prices)

	1980	1981	1982	1983	1984	1985	1986	1987[b/]
Gross value of production	16,479	17,566	17,553	22,745	22,740	23,460	23,375	17,525
Value added	4,622	6,542	6,689	7,174	8,022	9,173	9,408	8,665
Salaries	3,354	4,370	4,911	5,115	3,590	6,820	7,269	7,505
Amortization	1,475	1,380	1,368	1,160	1,150	1,180	1,315	1,248
Rent	188	195	195	214	217	205	203	209
Interest and other financial expenses	480	512	570	573	530	517	513	677
Direct tax	1,675	1,765	1,720	2,240	2,480	2,621	2,411	1,926
Losses	3,640	3,700	4,533	4,310	3,815	3,815	3,800	4,000
Profits	1,090	2,016	2,480	2,175	1,870	1,725	1,495	1,100
Value added/Gross value, %	28	37	38	31	33	39	40	49
Salaries/Value added, %	72	67	73	71	69	74	77	87
Employment	48,830	51,240	55,991	57,225	59,680	56,994	60,635	58,300
Productivity:								
Value added per employee	0.09	0.12	0.12	0.12	0.13	0.16	0.16	0.15
Average salary:								
Salaries per employee	0.07	0.09	0.09	0.08	0.09	0.12	0.13	0.13

Source: Ministry of Industry.

a/ Covers 80 per cent of manufacturing firms and employment.

b/ Estimate.

Table A-8: Selected performance indicators of Angolan food industries, 1980-1987
(Kz million at 1985 prices)

	1980	1981	1982	1983	1984	1985	1986	1987 a/
Gross value of production	5,121	14,566	4,950	7,329	7,050	7,346	7,135	6,258
Value added	1,001	6,532	1,350	1,512	1,797	2,128	2,194	2,020
Salaries	1,174	1,670	1,755	1,780	2,085	2,651	2,808	2,902
Amortization	540	507	504	360	355	350	390	376
Rent	57	60	59	62	65	60	60	61
Interest and other financial expenses	180	190	215	185	122	107	105	215
Direct tax	550	575	585	730	760	796	746	594
Losses	1,920	2,070	2,378	2,155	2,100	2,250	2,280	2,390
Profits	420	580	610	550	510	414	365	330
Value added/Gross value, %	19	34	27	20	25	29	31	33
Salaries/Value added, %	117	109	130	117	116	125	128	139
Employment	22,180	23,050	23,373	22,527	24,353	24,793	26,073	25,080
Productivity: Value added per employee	0.03	0.06	0.06	0.06	0.07	0.09	0.08	0.08
Average salary: Salaries per employee	0.05	0.07	0.08	0.08	0.09	0.11	0.11	0.11

Source: Ministry of Industry.

a/ Estimate.

Table A-9: Selected performance indicators of Angolan light consumer goods industry, 1980-1987
(Kz million at 1985 prices)

	1980	1981	1982	1983	1984	1985	1986	1987 a/
Gross value of production	8,437	9,742	9,133	12,051	12,676	12,375	12,251	8,513
Value added	2,747	3,945	3,868	4,013	4,373	4,211	4,691	4,320
Salaries	1,275	1,770	1,953	1,972	2,053	2,543	2,741	2,852
Amortization	605	567	560	520	535	535	615	585
Rent	85	87	87	86	87	82	81	84
Interest and other financial expenses	207	220	210	180	153	140	135	147
Direct tax	750	805	760	1,010	1,190	1,260	1,150	922
Losses	725	755	1,327	1,170	815	820	850	890
Profits	550	1,251	1,125	1,415	1,170	1,051	820	620
Value added/Gross value, %	32	40	42	33	34	38	38	51
Salaries/Value added, %	46	44	50	49	46	53	58	66
Employment	17,516	18,975	20,648	21,063	20,957	20,345	21,829	20,988
Productivity:								
Value added per employee	0.15	0.20	0.19	0.19	0.20	0.24	0.22	0.21
Average salary:								
Salaries per employee	0.07	0.09	0.09	0.09	0.10	0.12	0.13	0.14

Source: Ministry of Industry.

a/ Estimate.

Table A-10: Selected performance indicators of Angolan heavy industry, 1980-1987
(Kz million at 1985 prices)

	1980	1981	1982	1983	1984	1985	1986	1987*
Gross value of production	2,921	3,263	3,470	3,455	3,014	3,539	3,989	2,754
Value added	874	1,065	1,471	1,649	1,852	2,234	2,522	2,266
Salaries	905	930	1,203	1,363	1,452	1,626	1,720	1,757
Amortization	330	310	304	280	260	275	310	293
Rent	46	48	49	66	65	63	62	64
Interest and other financial expenses	93	102	145	210	255	270	275	315
Direct tax	375	385	375	505	530	565	515	416
Losses	995	895	1,850	985	900	825	670	720
Profits	120	185	245	210	190	260	310	150
Value added/Gross value, %	29	33	42	48	61	63	63	82
Salaries/Value added, %	103	87	81	83	78	73	68	77
Employment	9,134	9,215	11,970	13,635	14,370	11,856	12,733	12,243
Productivity:								
Value added per employee	0.09	0.12	0.12	0.12	0.12	0.19	0.20	0.19
Average salary:								
Salaries per employee	0.10	0.10	0.10	0.11	0.10	0.14	0.14	0.14

Source: Ministry of Industry.

a/ Estimate.

Table A-11: Size distribution of manufacturing firms[a/] by size of employment, 1983

Number of employees	Firms		Employees	
	Number	Per cent	Number	Per cent
11 - 50	72	29	2,165	3
51 - 100	50	20	3,459	5
101 - 250	65	26	10,708	15
251 - 500	28	11	9,212	13
501 - 1,000	22	9	14,318	
1,001 -	10	4	32,740	45

Source: Calculated on the basis of General Register of Firms.

a/ Each firm can have several factories.

Table A-12: Distribution of manufacturing firms[a/] according to ISIC categories, 1983

ISIC	Branch of manufacturing	Firms		Workers[b/]	
		Number	Percentage	Number	Percentage
31	Food, beverages and tobacco	69	27.9	28,273	38.9
32	Textiles, clothing and leath	35	14.1	11,435	15.7
33	Wood products, incl. furniture	11	4.5	3,935	5.4
34	Paper and printing	18	7.3	11,480	15.8
35	Chemicals and petroleum products	30	12.2	5,511	7.6
36	Non-metallic mineral products	11	4.5	2,899	4.0
37	Basic metal industries	7	2.8	1,502	2.1
38	Metal products, machinery, equipment	55	22.3	6,789	9.3
39	Other manufacturing industries	11	4.5	841	1.2
3	Manufacturing	247	100.1	72,665	100.0

Source: Calculated on the basis of General Register of Firms, Ministério da Indústria, Luanda, April 1984, (CINO 11).

a/ Each firm can have several factories.

b/ The Table includes only firms with more than 10 employees.

Table A-13: Geographical distribution of manufacturing enterprises according to ISIC categories, 1983

Province	ISIC 31	32	33	34	35	36	37	38	39	Total Number	Total Percentage
Cabinda	1	1	–	–	–	1	–	–		3	1
Zaire	–	–	–	–	–	–	–	–	–	0	–
Uige	1	–	1	1	–	–	–	–	–	3	1
Luanda Norte	1	–	–	–	–	–	–	–	–	1	–
Malange	–	–	1	1	–	–	–	–	–	2	1
Bengo	2	–	–	–	–	–	–	–	–	2	1
Luanda	23	19	3	6	24	8	5	40	8	136	55
Kwanza Norte	2	–	–	–	–	–	–	–	–	2	1
Luanda Sul	–	–	–	–	–	–	–	–	–	0	–
Kwanza Sul	–	–	–	–	–	–	–	–	–	0	–
Bie	2	–	1	1	–	–	–	–	–	4	2
Moxico	2	–	–	–	–	–	–	–	–	2	1
Huambo	7	6	1	1	1	–	–	5	–	21	9
Benguela	14	7	2	6	4	1	2	8	3	47	19
Huila	12	2	1	1	1	1	–	2		20	8
Namibe	2	–	1	1	–	–	–	–	–	4	2
Kunene	–	–	–	–	–	–	–	–	–	0	–
Kuando - Kubango	–	–	–	–	–	–	–	–	–	0	–
Total	69	35	11	18	30	11	7	55	11	247	100

Source: Calculated on the basis of General Register of Firms, April 1983.

Table A-14: Manufacturing firms[a] by type of ownership, 1983

ISIC	Branch of manufacturing	Total		State		Mixed		Private	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
31	Food, beverages and tobacco	69	28	53	37	2	14	14	15.4
32	Textiles, clothing and leather	35	14	13	9	1	7	21	23.1
33	Wood products, incl. furniture	11	5	7	5	0	-	4	4.4
34	Paper and printing	18	7	12	9	2	14	4	4.4
35	Chemicals and petroleum products	30	12	6	4	2	14	22	24.2
36	Non-metallic mineral products	11	5	5	4	2	14	4	4.4
37	Basic metal industries	7	3	4	3	1	7	2	2.2
38	Metal products, machinery, equipment	55	22	35	25	2	14	18	19.8
39	Other manufacturing industries	11	5	7	5	2	14	2	2.2
3	Manufacturing	247	101	142	101	14	98	91	100.1

Source: Calculated on the basis of General Register of Firms, April 1983.

a/ The Table includes only firms with more than 10 employees.

b/ Each firm can have several units of production. This is particularly the case for state-owned companies, many organized as an Unidade Economica Estatal - UEE a kind of holding and management unit. Within clothing, for example, the firm IMVEST-UEE controls 14 factories.

Table A-15: Structure of manufacturing employment by type of enterprise a/, 1983

ISIC	Branch of manufacturing	Employees	State	Mixed	Private
31	Food, beverages and tobacco	28,273	25,012	964	2,297
32	Textiles, clothing and leather	11,435	8,129	957	2,349
33	Wood products, incl. furniture	3,935	3,580	0	355
34	Paper and printing	11,480	10,858	269	353
35	Chemicals and petroleum products	5,511	1,299	484	3,728
36	Non-metallic mineral products	2,899	535	1,115	1,249
37	Basic metal industries	1,502	1,026	88	388
38	Metal products, machinery, equipment	6,789	5,060	260	1,469
39	Other manufacturing industries	841	666	35	140
3		72,665	56,165	4,172	12,328
		100%	77%	6%	17%

Source: Calculated on the basis of General Register of Firms, April 1983.

a/ Besides state, mixed and private enterprises the General Register of Firms also list co-operatives. However, none exist within manufacturing. The Table includes only firms with more than 10 employees.

Table A-16: Distribution of population by province, 1970, 1985 and 1986
('000)

Province	1970	1985	1986	Population density (inhabitants per km²) 1986
Zaire	37.2	53.2	135.7	3.4
Uige	381.3	426.3	714.7	12.2
Kwanza - Norte	243.7	381.9	343.7	14.3
Kwanza - Sul	460.1	657.4	616.9	11.1
Moxico	186.1	113.7	283.1	1.3
Kuando - Kubango	11.7	159.6	124.1	0.6
Malange	542.1	832.2	805.8	9.2
Luanda - Norte	202.0	295.6	272.3	2.6
Benguela	462.6	626.6	584.1	18.4
Huambo	816.5	1,418.3	1,350.4	39.4
Bie	605.0	1,033.5	995.2	14.2
Huila	535.5	798.1	787.8	10.5
Luanda - Sul	96.8	166.3	149.6	2.6
Bengo	122.0	171.0	150.8	4.8
Kunene	160.8	238.9	214.4	2.4
Luanda	493.9	1,155.1	1,227.1	507.5
Cabinda	79.3	133.9	138.4	19.0
Namibe	51.4	92.4	95.7	1.6
Total	5,538	8,754	8,990	7.2

Source: Informaçao Estatistica 1984-1985, (Instituto Nacional de Estatistica, Ministério do Plan, 1987), p. 17.

ANNEX B

LEGAL FRAMEWORK GOVERNING FOREIGN INVESTMENT

Annex B - Legal framework governing foreign investment 1/

The application of foreign investments shall form the subject of a contract between the Angolan party and the foreign organization that will regulate the actual investment conditions and will be jointly approved by the Minister of Planning and Finance and the Minister who governs the activity in question. Foreign investments in Angola may be directed to the setting up of:

(a) Mixed companies;
(b) Joint ventures;
(c) Private companies.

A mixed company is created when the foreign investor joins with a unit of the Angolan Government to form a common fund with legal status as a corporation or joint stock association. Stock will always be assessed at par value, registered and kept at the proper institution.

Provisions

Recourse to foreign credit will be authorized only by the Minister of Planning and Finance after considering a proposal made by the Minster who governs the operations in question.

Transfer of the amounts necessary to credit sources contracted in foreign countries will be authorized in the terms given in the preceding paragraph.

Foreign investors in Angola are guaranteed under the present law the possibility of using domestic credit to finance current operations.

Remittances

Foreign investors in Angola are guaranteed, under the present law:

(a) A term of activity from 10 to 15 years, starting from the execution of the contract, that may, under exceptional conditions, guarantee a longer term of activity or a possible prolongation;

(b) The right to an indemnity, in case of a possible nationalization demanded by the country's economy, agreed to between parties, that will be paid in the currency invested or agreed to, within a 12-month period from the date of nationalization. This indemnity will never be inferior to the interest at the current foreign market rates, and the part of this value already reimbursed. Interest will be counted from the initial date of investment, until the date of payment of the indemnity;

(c) The right to transfer to foreign countries yearly profits, duly authorized by the Ministry of Finance, once taxes are paid and the amounts for special funds are deducted, up to 25 per cent of invested capital according to the terms of the contract, in relation to specific cases;

1/ Extracted from UNIDO, Investor's Guide to SADCC Countries, Harare, Zimbabwe, 3-7 November 1986.

Annex 3 (continued)

(d) The possibility of using domestic credit to finance current operations.

Import-export regulations

The government decides on imports and exports to be promoted on a case-by-case basis.

Semi-official sources list Brazil, Netherlands, Spain, United Kingdom of Great Britain and Northern Ireland, United States of America, Federal Republic of Germany, German Democratic Republic and Portugal as the major export partners and, in the order of their respective shares, Portugal, United States, France, Netherlands, Federal Republic of Germany, Italy, United Kingdom, Spain, Belgium/Luxembourg and Japan as the principal import partners for civilian commodities.

Taxation

In special cases, foreign investments shall be granted:

(a) Exemption from or reduction of income tax during the first years of activity, after considering their importance to the development of the national economy;

(b) Exemption from or reduction, once or more often, of custom duties on importation of equipment, accessories or replacements, as well as on raw materials and other materials not to be found in the country;

(c) Exemption from or reduction, once or more often, of custom duties on exports, with value of non-paid duties reverting to the producer.

Exemptions or reductions mentioned here will be granted, on a case-by-case basis after a favourable opinion has been obtained from the Minister who governs the operations in question.

Manpower and skills

Foreign workers admitted to Angola will submit to the legislation concerning foreign workers and will not be subject to the scale of salaries fixed for Angolan workers. (In particular expatriates are permitted to remit up to 50 per cent of their salary).

Companies formed under the present law shall employ Angolan workers and provide them with the necessary technical or professional training.

In case qualified Angolan workers are not available in sufficient numbers, companies may employ foreing workers on authorization of the Minister who governs that specific activity.

ANNEX C

MANUFACTURING PROJECTS SEEKING EXTERNAL ASSISTANCE

Annex C - Manufacturing projects seeking external assistance

CONTROL NUMBER: 002522
ISIC: 1110
PROJECT NUMBER: ANG/008/V/86-06 COUNTRY: Angola
PROJECT TITLE: Agro-industrial complex
PRODUCT & CAPACITY: Sugar cane plantation and plant, cattle farm, fruit and vegetable complex
COOPERATION SOUGHT: LNS
TOTAL PROJECT COST: US$ 2,000,000 PROJECT IS: Rehabilit
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860707
SPONSOR:
Ministeria da Industria
Gabinete de Intercambio Int.
25 Governador Eduardo Costa
P. O. Box 594
Luanda
Angola

CONTROL NUMBER: 002523
ISIC: 2903
PROJECT NUMBER: ANG/009/V/86-06 COUNTRY: Angola
PROJECT TITLE: Production of sea salt (project idea)
PRODUCT & CAPACITY: Edible salt for use in fishing industry: to be determined
COOPERATION SOUGHT: LNS, TEX
TOTAL PROJECT COST: To be determined PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860707
SPONSOR:
Ministere des Peches
Cabinet du Plan
P. O. Box 83
Luanda
Angola

CONTROL NUMBER: 002524
ISIC: 3111
PROJECT NUMBER: ANG/010/V/86-06 COUNTRY: Angola
PROJECT TITLE: Slaughterhouse
PRODUCT & CAPACITY: Lubango: 12,000 heads/year
Namibe: 8,000 heads/year
Lubango, Caconda, Quilengues, Quipungo, Matala, Chibia, Humpata, Bibala, Canama, Xangongo, Catumbela, Ganda, Cubal and Chongoroi: 12,000 heads/year
COOPERATION SOUGHT: LNS, TEX
TOTAL PROJECT COST: To be determined PROJECT IS: Expansion
STUDY AVAILABLE: No LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860707
SPONSOR:
Dr. Joaquim Goncalves Santos
Direccao Geral da Oinaprope
Lubango
Angola

CONTROL NUMBER: 002525
ISIC: 3115, 3523
PROJECT NUMBER: ANG/011/V/86-06 COUNTRY: Angola
PROJECT TITLE: Manufacture of vegetable oil and soap
PRODUCT & CAPACITY: Margarine: 21,875 t/year
Vegetable oil: 55,638 t/year
COOPERATION SOUGHT: EQY, LNS, LIC, TEX
TOTAL PROJECT COST: US$ 46,250,000 PROJECT IS: Expansion
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860707
SPONSOR:
Ministerio da Industria
Gabinete de Intercambio Int.
25 Governador Eduardo Costa
P. O. Box 594
Luanda
Angola

Annex C (continued)

CONTROL NUMBER: 002526
ISIC: 3511
PROJECT NUMBER: ANG/012/V/86-06 COUNTRY: Angola
PROJECT TITLE: Production of caustic soda
PRODUCT & CAPACITY: Caustic soda: 3.630 t/year
Chlorine: 3.220 t/year
COOPERATION SOUGHT: LNS, LIC
TOTAL PROJECT COST: US$ 6,940,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860707
SPONSOR:
Ministerio da Industria
Gabinete de Intercambio Int.
25 Governador Eduardo Costa
P. O. Box 594
Luanda
Angola

CONTROL NUMBER: 002527
ISIC: 3540
PROJECT NUMBER: ANG/013/V/86-06 COUNTRY: Angola
PROJECT TITLE: Bitumen paper and insulating materials
PRODUCT & CAPACITY: Bitumen paper: 400 sq m/hour
Insulating material: 700 sq m/hour
COOPERATION SOUGHT: LNS, TEX
TOTAL PROJECT COST: US$ 572,000 PROJECT IS: Rehabilit
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860707
SPONSOR:
Ministerio da Construcao
P. O. Box 1061
Luanda
Angola

CONTROL NUMBER: 002528
ISIC: 3560
PROJECT NUMBER: ANG/014/V/86-06 COUNTRY: Angola
PROJECT TITLE: PVC tubes and other electric accessories
PRODUCT & CAPACITY: PVC pipes, accessories for PVC tubes, PVC accessories for electrical installation: 650 t/year
COOPERATION SOUGHT: LNS, TEX
TOTAL PROJECT COST: US$ 4,955,000 PROJECT IS: Expansion
STUDY AVAILABLE: No LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860707
SPONSOR:
Ministerio da Construcao
P. O. Box 1061
Luanda
Angola

CONTROL NUMBER: 002529
ISIC: 3699
PROJECT NUMBER: ANG/015/V/86-06 COUNTRY: Angola
PROJECT TITLE: Cement pipes
PRODUCT & CAPACITY: Pressure pipes, tubes and zig-zag blocks
COOPERATION SOUGHT: LNS, EQS, TEX
TOTAL PROJECT COST: US$ 1,160,000 PROJECT IS: Rehabilit
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860707
SPONSOR:
Ministerio da Construcao
P. O. Box 1061
Luanda
Angola

ANNEX D

LEADING INDUSTRIAL COMPANIES, 1987

Annex D - Leading industrial companies, 1987

The following are some of the largest, private, mixed and state-owned companies in terms of capital investment or employment.

State-owned industries

Sociedade Nacional de Combustiveis de Angola (SONANGOL): founded 1976; capital Kz 150,250,000; employees 3,171; extraction of petroleum; (Luanda).

Estaleiros Navios de Angola (ESTALNAVE UEE): founded 1964; capital Kz 75,000,000; employees 660; shipbuilding; (Lobito).

Siderurgia Nacional (SINA UEE): founded 1963; capital Kz 210,330,000; employees 440; production of steel bars; (Luanda).

Empresa Nacional de Construçao e Montagem de Automoveis (ENACMA): founded 1970; capital Kz 30,000,000; employees 350; assembly of cars, lorries and buses; (Luanda).

Empresa Texteis de Angola (ENTEX UEE): founded 1978; capital Kz 831,138,000 ; employees 3,787; 5 production sites; spinning, weaving and dyeing of cloth; (Luanda).

Construçao Mecanicas de Equipamentos de Transportes de Angola (COMETA UEE): founded 1982; capital Kz 699,880.000; employees 590; 3 production sites; assembly of motor vehicles; (Luanda).

Empresa Nacional de Cervejas (CERVAL UEE): founded 1978; capital Kz 501,899,000; employees 1,553; 3 production sites; brewery; (Luanda-Huambo).

Empresa Regional de Massas e Bolachas (BOLAMA UEE): founded 1978; employees 680; production of biscuits; (Luanda).

Empresa de Malhas e Confecçoes (IMAVEST UEE): founded 1978; employees 2,600; 14 production sites; clothing industry; (Luanda).

Empresa Nacional de Prensados de Madeira (PANGA-PANGA UEE); founded 1980; capital Kz 538,135,000; employees 1,623; 5 production sites; saw wood. plywood production, decorative veneer; (Luanda).

Empresa Açucareira Centre (OSUKA UEE): founded 1981; capital Kz 512,922,000; employees 6,300; 2 production sites; sugar production; (Lobito).

Fabrica de Tubos de Angola (FATA): founded 1978; capital Kz 28,500,000; employees 380; 2 production sites; production of metal tubes and other metal products; (Luanda).

Annex D (continued)

Mixed enterprises

Manufatura Angolana de Borracha (MABOR): founded 1967; capital Kz 100,000,000; 56 per cent state-owned; employees 484; production of tyres and tyre tubes; (Luanda).

F. Ramada Industrial: founded 1979; capital Kz 11,718,000; 51 per cent state-owned; employees 200; production of machets and implements; (Luanda).

Empresa de Cimentos de Angola (CIMANGOLA UEM): founded 1980; capital Kz 400,000,000; 53 per cent state-owned; employees 641; production of cement and clinker; (Luanda).

Africa textil: founded 1979; capital Kz 250,000,000; 97 per cent state-owned; employees 959 (1,570 in 1987). spinning, weaving and finishing of cloth; (Benguela).

Vidreira de Angola (VIDRUL SARL): capital Kz 50,000,000; 91 per cent state-owned; employees 474; production of glass articles; (Luanda).

Nova Empresa de Cervejas de Angola (NOCAL SARL): founded 1959; capital Kz 3,000,000; 99 per cent state-owned; employees 694; brewery; (Luanda).

A former giant within the Angolan economy: Companhia de Diamantes de Angola (DIAMANG SARL): founded 1917; capital Kz 865,000,000; 77 per cent state-owned; employees 19,554; mining of diamonds; (Luanda), was dissolved 18 July 1986 and partially replaced by the state-owned Endiama.

Private enterprises

Fabrica de Condutores Electricos de Angola (CONDEL SARL): founded 1959; capital Kz 20,000,000; employees 220; manufacture of electrical apparatus and supplies; (Luanda).

Sociedade Industrial de Grossarias de Angola (SIGA SARL): founded 1954; capital Kz 70,000,000; employees 670 (600 in 1987); production of sacks, bottles and other plastic articles; (Luanda).

Industrias Angolanos de Oleos Vegetais (INDUVE SARL): founded 1959; capital Kz 65,000,000; employees 648; production of vegetable oils, margarine and soap; (Luanda).

Fina Petroleos de Angola SARL: founded 1957; capital Kz 900,000,000; employees 1,571; refining of petroleum; (Luanda).

Sources: Registo Geral de Empresas, CIND 11, Centro de Informaçao Industrial, Luanda, 1984; and Catalogue Geral de Feira Internacional de Luanda, Luanda, 1987

Note: Information on capital, state participation and employement relates to 1983, with partial updating for 1987.

ANNEX E

THE COMPLETED, OPERATIONAL AND/OR APPROVED TECHNICAL CO-OPERATION PROJECTS OF UNIDO

Annex E - The completed, operational and/or approved technical co-operation projects of UNIDO

I. The completed projects

Backstopping Responsibility	Spec.Act./ All.Acc.Code	Project Number	Project Title
IO/IIS/INFR	J12101	DP/ANG/80/011	Establishment of an industrial information service
IO/IIS/INFR	31.3.K	SI/ANG/82/801	Assistance in the development of standards, quality control and metrology activities in Angola
IO/IIS/IMR	31.4.B	DP/ANG/79/015	Strengthening of plant management
IO/IIS/IMR	J12207	DP/ANG/78/019	Improvement of efficiency of industrial enterprises
IO/IIS/IMR	31.7.A	DP/ANG/78/010	Assistance à l'ENEMEL (fabrication de meubles métalliques et en bois)
IO/T/AGRO	31.7.C	DP/ANG/80/002	Food processing rehabilitation and expansion programme (phase I)
IO/T/AGRO	31.7.C	DP/ANG/82/022	Rehabilitation, modernization and expansion of the food processing industry programme (phase II)
IO/T/AGRO	31.7.C	TS/ANG/78/001	Crash programme for the food processing national director
IO/T/AGRO	31.7.C	UC/ANG/78/212	Co-operation between Brazil and Angola in the food processing industry development
IO/T/AGRO	31.7.C	US/ANG/80/144	Rehabilitation of the milling industry
IO/T/AGRO	31.7.C	US/ANG/80/149	Rehabilitation, expansion and modernization of the pork meat industry
IO/T/AGRO	J13103	DP/ANG/84/009	Rehabilitation of a tomato processing plant
IO/T/AGRO	J13103	SI/ANG/85/801	Rehabilitation of slaughterhouses in the provinces of Huila, Namibe, Benguela and Cunene
IO/T/AGRO	31.7.D	DP/ANG/80/012	Assistance to the leather industry
IO/T/AGRO	J13104	DP/ANG/81/009	Assistance to rubber products industry
IO/T/MET	31.8.C	RP/ANG/82/002	Elaboration of conditions for co-operation in the development of an iron and steel industry (continued under RP/ANG/84/002)
IO/T/MET	31.8.C	RP/ANG/84/002	Elaboration of conditions for co-operation in the development of an iron and steel industry
IO/T/MET	J13208	DP/ANG/79/008	Assistance in iron ore and scrap processing (continued under DP/ANG/81/005)
IO/T/MET	J13208	SI/ANG/82/802	Assistance to the rehabilitation of the Siderurgia Nacional Steelworks
IO/T/MET	J13208	SI/ANG/86/876	Technical assistance in the reconstruction and expansion of Fabrica de Tubos de Angola - FATA
IO/T/MET	J13208	SI/ANG/87/801	Expert in metal scrap transportation
IO/T/MET	J13209	DP/ANG/81/005	Foundry industry development (continuation of DP/ANG/79/008)

Annex E (continued)

People's Republic of ANGOLA
(2)

Backstopping Responsibility	Spec.Act./ All.Acc.Code	Project Number	Project Title
IO/T/MET	31.8.F	RP/ANG/85/901	Establishment of a mobile electro-mechanical repair and maintenance workshop at the National Metal Scrap Enterprise - SUCANOR
IO/T/MET	J13210	XP/ANG/85/001	Establishment of a mobile electro-mechanical repair and maintenance workshop at the national metal scrap enterprise - SUCANOR
IO/T/MET	31.8.Z	SI/ANG/80/802	Study on developing metallurgical industries
IO/T/ENG	31.9.B	DP/ANG/79/010	Maintenance and repair centre (phase II)
IO/T/ENG	31.9.B	SI/ANG/78/801	Restructuring and rationalization of manufacturing capacities of agricultural materials and implements
IO/T/ENG	31.9.B	US/ANG/78/209	Service Centre for Maintenance and Repair, phase I
IO/T/ENG	31.9.C	DP/ANG/78/013	Technical training in the electricity industry
IO/T/ENG	31.9.A	DP/ANG/80/007	Assessment of the present capacity of the metalworking industries and projection to expand this industrial sector
IO/T/CHEM	32.1.H	DP/ANG/78/014	Second petroleum seminar
IO/T/CHEM	32.1.H	DP/ANG/79/009	Petroleum Development Centre, phase II
IO/T/CHEM	32.1.H	DP/ANG/81/001	Petroleum Development Centre, phase III
IO/T/CHEM	32.1.H	DP/ANG/81/014	Petroleum development centre (phase IV)
IO/T/CHEM	32.1.H	DP/ANG/82/011	Petroleum development school (phase V)
IO/T/CHEM	32.1.H	SI/ANG/78/803	Advisory services to the National Directorate of Petroleum
IO/T/CHEM	32.1.H	SI/ANG/83/802	Study on petrochemical industry establishment in Angola
IO/T/CHEM/PH	J13422	UC/ANG/83/068	Strategy for the development of a pharmaceutical industry
IO/T/CHEM	32.1.E	DP/ANG/79/011	Study to assess availablity and suitabilitiy of sugar cane bagasse for pulp and paper making
IO/T/CHEM	32.1.E	SI/ANG/78/802	Assistance to the Alto Catumbela Pulp and Paper Mill, fact-finding mission
IO/T/CHEM	32.1.H	SM/ANG/78/003	Petroleum Development Centre, phase I
IO/T/CHEM	32.1.F	DP/ANG/78/004	Petroleum industry seminar
IO/T/CHEM	J13420	SI/ANG/83/801	Rehabilitation of the Soda Luanda Plant
IO/SD/FEAS	31.6.A	UC/ANG/83/105	Training workshop in industrial project preparation, evaluation and financing

Annex E (continued)

People's Republic of ANGOLA
(3)

Backstopping Responsibility	Spec.Act./ All.Acc.Code	Project Number	Project Title
IO/SD/TRNG	31.5.A	SI/ANG/79/801	Inventaire et perfectionnement des cadres techniques de l'industrie (Centro Basico)
IO/SD/TRNG	31.5.B	RP/ANG/79/001	Consultations with Government officials
IO/SD/TRNG	31.5.B	UC/ANG/80/126	Co-operation between Portugal and Angola in management development and training
IO/SD/TRNG	31.5.B	US/ANG/80/126	Co-operation between Portugal and Angola in management development and training
EPL/POL	70.2.Z	RP/ANG/78/001	Visit of the Angolan Minister of Industry and Energy
EPL/POL	70.2.Z	RP/ANG/81/001	People's Republic of Angola: visit of the Ministry of Industry and Energy
EPL/REL/GOV	70.3.Z	RP/ANG/83/001	Visit of Director, Department of UN Organizations, Secretariat of State for International Co-operation, Government of the People's Republic of Angola

II. The operational and/or approved projects

Project Number	Backstopping Responsibility	Progr.Element	Project Title
US/ANG/87/075	IO/SD/FEAS	J12516	Opportunity study for the establishment of a production capacity of wind-driven water pumps in Angola
DP/ANG/85/003*	IO/SD/FEAS	J12517	Establishment of a unit for preparation and analysis of industrial projects (phase I)
DP/ANG/86/004**	IO/T/AGRO	J13103	Assistance in the rehabilitation of the bread production chain
SI/ANG/86/830	IO/T/AGRO	J13103	Techno-economic pre-feasibility study - conversion of sugar enterprise into agro-industrial complex
SI/ANG/87/802	IO/T/ENG	J13314	Technical assistance in the reconstruction of fabrica 'F.I.D.R.O. de Angola' for production of vehicles for food transportation and mobile refrigerators
DP/ANG/82/020*	IO/T/ENG	J13316	Maintenance and repair centre (phase III) (Associated Agency: UNV)

* Large-scale project (= total allotment $150,000 or above)
** Total allotment $1 million or above

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