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## **Angola: Recent Economic Developments**

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INTERNATIONAL MONETARY FUND

ANGOLA

**Recent Economic Developments**

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Approved by the African Department

June 19, 2000

	Page
I. Overview .....	3
II. Macroeconomic Performance.....	3
III. Other Structural Initiatives .....	19
IV. Social Sector Developments.....	19
 Text Tables	
1. Basic Data.....	4
2. Balance of Payments, 1995-99.....	9
3. Summary of Government Operations as Percentage of GDP, 1995-99.....	11
4. Summary of Government Operations, 1995-99.....	12
5. Government Revenue, 1995-99.....	13
6. Monetary Survey, 1995-99.....	17
 Figures	
1. Selected National Accounts and Price Indicators, 1995-99 .....	6
2. Inflation, January 1998-May 2000 .....	7
3. Selected External Indicators, 1995-99.....	10
4. Selected Fiscal Indicators, 1995-99.....	14
5. Selected Monetary Indicators, 1995-99.....	18

Appendix: Summary of Tax System as of May 31, 2000.....21

Statistical Appendix Tables

7. Gross Domestic Product by Sector of Activity, 1995-99 ..... 30

8. Composition of Aggregate Expenditure, 1995-99 ..... 31

9. Output of Selected Manufactured Products, 1995-99 ..... 32

10. Oil Production and Reserves by Oil Field, 1995-99 ..... 33

11. Oil Balance, 1995-99..... 34

12. Mining Production, 1995-99 ..... 35

13. Prices of Petroleum Products, 1995-2000 ..... 36

14. Consumer Price Index in Luanda, December 1995-March 2000 ..... 37

15. Exchange Rates, December 1995-May 2000 ..... 38

16. Foreign Exchange Reserves, 1995-99 ..... 39

17. Composition of Merchandise Trade by Country, 1995-99..... 40

18. Composition of Exports by Commodity, 1995-99 ..... 41

19. Interest Rates, 1995-2000..... 42

20. Government Expenditure by Function, 1995-99 ..... 43

21. Population Statistics, 1995-99 ..... 44

22. Medium- and Long-Term External Debt, 1995-99 ..... 45

23. Public Sector External Debt Arrears, 1995-99 ..... 46

24. Main Products Subject to Fixed Prices and  
Marketing Margins, 1995-2000..... 47

## RECENT ECONOMIC DEVELOPMENTS

### I. OVERVIEW

1. Economic activity and social conditions have been adversely affected since late 1998 by the intensification of the civil war. Inflation has accelerated to triple digits, reflecting an accommodating monetary policy, a major realignment in the exchange rate and public utility prices, and the exacerbation of supply bottlenecks associated with the conflict, as well as large public wage increases. However, since March 1999 the government has been implementing a medium-term adjustment and reform program. The goal is to restore domestic and external equilibrium and create the conditions for sustained growth, especially by boosting growth of the non-oil sectors, lowering inflation eventually to single-digit rates, improving the efficiency and transparency of public sector operations, and enhancing the role of the private sector. To add momentum to these initiatives, the government has formulated an economic program for the period April–December 2000 that will be monitored by Fund staff. Since May 1999, the exchange, trade, and financial systems have been liberalized; action is being taken to strengthen the public finances, reform public administration and the state enterprise sector, and to improve transparency and control of government operations; and a tax reform has been implemented. The government is also taking steps to ease the adverse effects of the transition process on the most vulnerable segments of the population, especially by increasing public outlays for the social sectors.

### II. MACROECONOMIC PERFORMANCE

2. The resumption of civil war in late 1998 hampered activity in the non-oil sector, and real GDP growth slowed from 3.2 percent in 1998 to 2.7 percent in 1999 (Table 1 and Figure 1). Growth was led by a 3½ percent rise in crude oil production as new deep-water oil wells came onstream<sup>1</sup>, but recorded diamond production also increased substantially as the government regained control of some diamond-producing areas (Statistical Appendix Table 7). Other sectors that exhibited rapid growth included manufacturing (largely concentrated in the two major coastal cities of Luanda and Benguela), construction, and commerce. Activity in the agricultural sector was sluggish, owing to widespread guerilla activity in the interior of the country and serious damage to the transportation network.

3. Inflation rose from 135 percent during 1998 to 329 percent during 1999 and further to 438 percent in the 12 months ended May 2000 (Figure 2),<sup>2</sup> owing in part to an

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<sup>1</sup> These new wells are expected to lead to a doubling of output over the next five years.

<sup>2</sup> The CPI for Angola covers only the city of Luanda, and its weights, derived from a 1990 household consumption survey, are biased in favor of basic items that were subject to past price controls. In particular, the food and transportation components have a combined weight of nearly 80 percent in the CPI (Statistical Appendix Table 14).

Table 1. Angola: Basic Data

	1995	1996	1997	1998	1999
(Annual percentage change, unless otherwise indicated)					
<b>National income and prices</b>					
Nominal GDP (in billions of kwanzas)	0.0	0.8	1.8	2.5	15.6
Real GDP growth	10.3	10.0	6.2	3.2	2.7
GDP deflator	1,957	5,568	98	40	502
CPI (annual average)	2,672	4,146	111	107	248
CPI (end of period)	3,784	1,651	64	135	329
<b>Government budget</b>					
Total revenue	1,478	9,039	81	1	1,001
Total expenditure	1,941	6,081	102	8	753
(In percent of GDP)					
Total revenue	30.1	45.0	38.7	27.0	48.2
<i>Of which:</i> oil	26.3	40.2	32.2	18.8	42.4
Total expenditure	57.6	58.2	55.8	41.8	57.7
Overall balance (commitment basis)	-29.2	-15.8	-17.8	-15.1	-13.1
Overall balance (cash basis)	-19.5	-1.8	-13.8	-7.6	1.1
Primary balance	-18.4	-4.2	-12.1	-8.0	-6.9
(Annual percentage change, unless otherwise indicated)					
<b>Money and credit</b>					
Net domestic assets	1,883	221	417	136	-153
<i>Of which:</i> credit to the government (net)	3,555	32	1,235	300	-675
credit to the rest of the economy	4,816	700	244	48	241
Broad money	1,481	2,551	90	126	574
M2 velocity (average)	1,731	3,281	103	77	312
Interest rate (three-month time deposits, in percent)	161	129	35	38	55
<b>External sector</b>					
Exports, f.o.b.	23.4	38.8	-3.1	-29.2	50.8
Oil	21.4	37.8	-4.6	-33.2	51.9
Non-oil	74.4	56.7	19.9	19.8	43.8
Imports, f.o.b.	27.4	10.1	21.5	-16.1	57.1
Terms of trade	0.1	23.5	1.4	-28.1	44.0
Official exchange rate (dollar terms, end of period)	0.0	0.2	0.3	0.7	5.6
Nominal effective exchange rate	3,730	-2,238	-619	-72	-610
Real effective exchange rate 1/	216	-51	100	-3	-65

Table 1. Angola: Basic Data (concluded)

	1995	1996	1997	1998	1999
(In millions of U.S. dollars, unless otherwise indicated)					
Overall balance of payments	-1,220	-346	-810	-1,372	-240
External payment arrears (end of period)	5,641	2,528	3,086	3,822	4,441
Gross international reserves (end of period)	369	558	392	201	481
Equivalent in months of next year's imports 2/	1.0	1.3	1.0	0.4	0.9
(In percent of GDP, unless otherwise indicated)					
Current account balance (including transfers)	-19.7	-3.8	-11.3	-31.4	-32.1
Debt/exports 3/	303.1	155.1	163.0	237.3	174.2
Debt service/exports 3/	42.1	34.4	15.0	24.3	17.3
Debt service/government revenue ratio	101.8	25.9	47.5	92.3	52.4
Public debt-to-GDP ratio 4/	231.7	130.0	111.4	136.2	171.1
Use of Fund resources					
Purchases	0.0	0.0	0.0	0.0	0.0
Repurchases	0.0	0.0	0.0	0.0	0.0
Credit outstanding	0.0	0.0	0.0	0.0	0.0
Present arrangement	None	None	None	None	None
Quota (SDR million)	207	207	207	207	286

Social and Demographic Indicators	Angola	Year	Sub-Saharan Africa	Year
Population (millions)	13.0	1999	627	1998
United Nations Human Development Index	0.45	1999	0.38	1996
Labor force growth (annual percentage change)	3.1	1992-98	2.6	1992-96
Population growth (annual percentage change)	2.9	1995-2000	2.6	1992-98
Fertility rate (births per woman)	6.7	1998	5.4	1998
Access to sanitation (percent of total population)	16	1996	45	1996
Child malnutrition (in percent of children under 5)	53	1996	...	...
DTP immunization (percent of age group)	16	1996	54	1996
Arable land (percent of total land area)	26	1996	51	1996
Access to safe water (percent of total population)	32	1996	47	1996
Urban population (percent of total population)	43	1999	33	1996
Measles immunization (percent of age group)	46	1996	51	1996
Combined first-and second-level enrollment ratio	50	1996	53	1996
Life expectancy at birth (years)	47	1998	50	1998
Illiteracy (percent of population age 15+)	58	1996	41	1998
Labor force in agriculture (percent of total)	75	1996	65	1996
Infant mortality (per 1,000 live births)	124	1998	92	1998
GNP per capita (U.S. dollars)	380	1998	510	1998
Area (thousands of square kilometers)	1,247	1997	23,605	1997
Daily calorie supply per capita	1,840	1996	2,096	1996

Sources: Angolan authorities, the World Bank, and the United Nations.

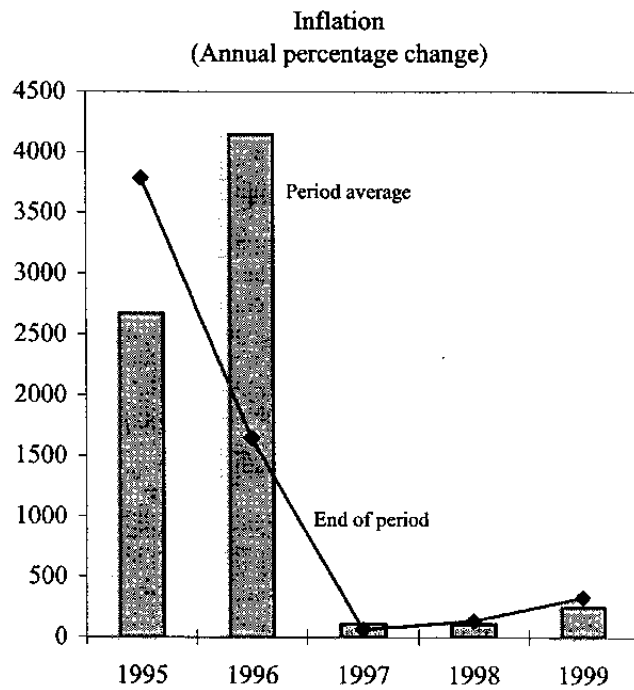
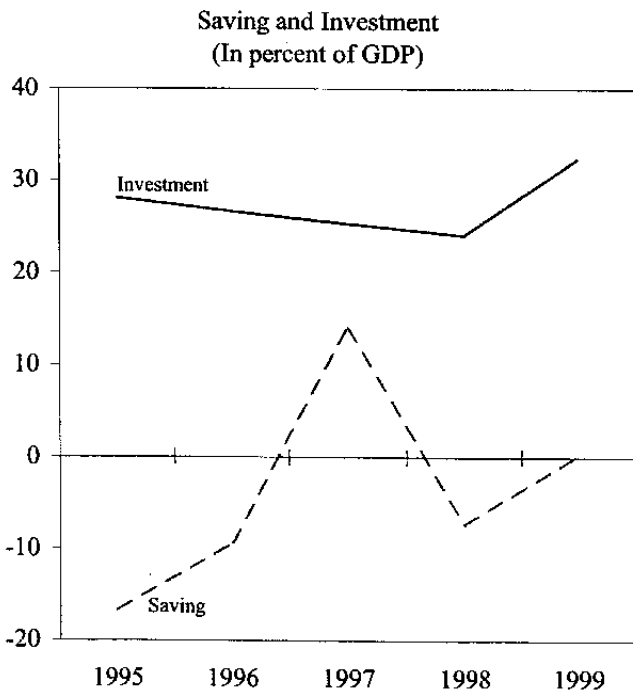
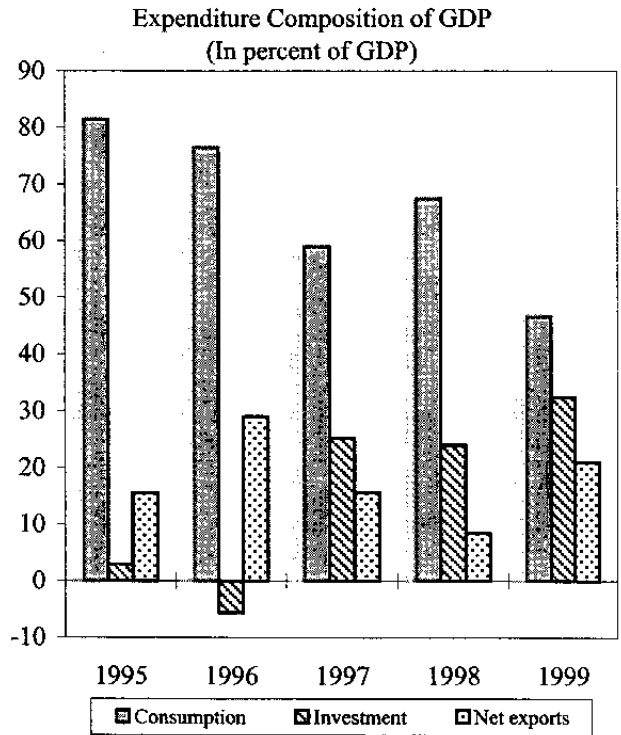
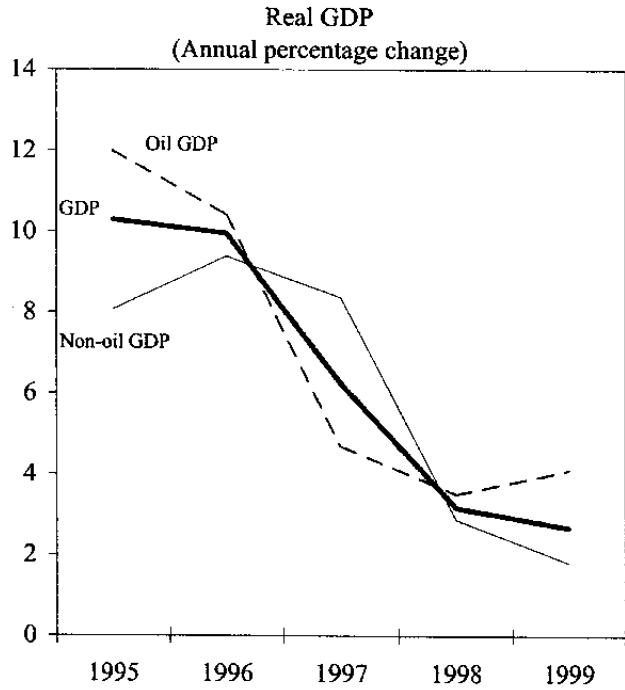
1/ Increase = appreciation.

2/ Imports of goods and nonfactor services.

3/ Percent of exports of goods and nonfactor services.

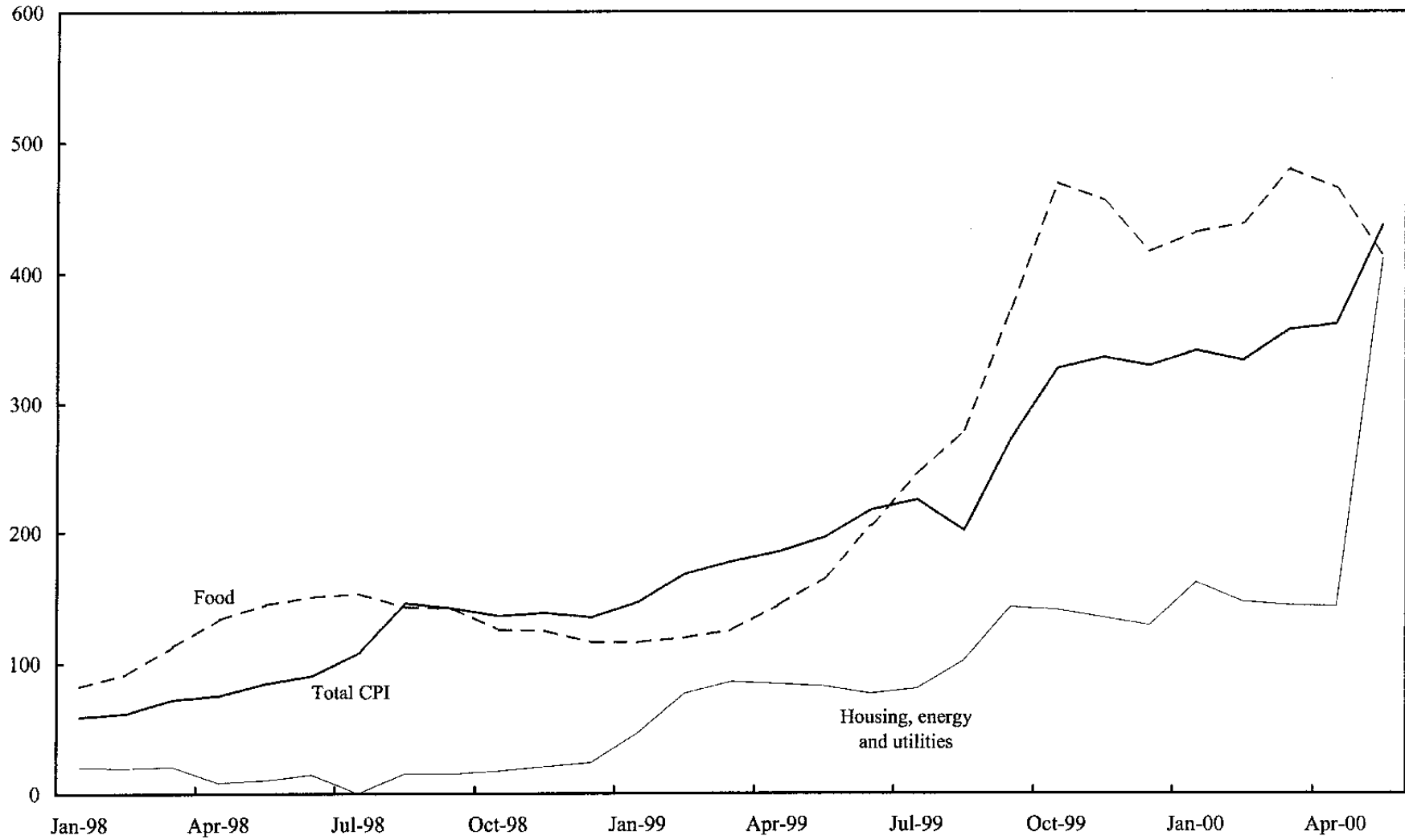
4/ Including publicly guaranteed debt.

Figure 1. Angola: Selected National Accounts and Price Indicators, 1995-99



Sources: National Bank of Angola; Ministry of Finance; and staff estimates.

Figure 2. Angola: Inflation, January 1998 - May 2000  
(Twelve-month rate; in percent)



Source: Angolan authorities.



accommodating monetary policy, a major realignment in the exchange rate and public utility prices, supply bottlenecks associated with the conflict (which exerted substantial pressure on the food and transportation components of the consumer price index (CPI)), and large public sector wage increases. The acceleration of inflation, in addition to exacerbating economic distortions and social hardships, seriously complicates the estimation of real economic variables, thereby compounding the serious shortcomings of the Angolan database.

4. The external current account deficit (including transfers) worsened slightly in relation to GDP in 1999, with sharply higher imports of defense equipment more than offsetting the gains from a 44 percent improvement in the terms of trade and higher oil export volumes (Table 2 and Figure 3). Investment in the oil sector led to a rise in net service outflows, and a record surplus on the capital account (including one-off oil exploration bonuses totaling US\$900 million that were paid to the government by foreign oil companies). The overall balance of payments deficit narrowed sharply, and net international reserves rose in 1999 for the first time in three years, such that the import cover of gross reserves more than doubled by the end of the year to 0.9 months of projected 2000 imports.<sup>3</sup> The balance of payments deficit and the increase in reserves were financed by an accumulation of external public sector arrears.

5. In the wake of the floating of the exchange rate in May 1999, the kwanza depreciated by 88 percent in foreign currency terms in the period January 1999–March 2000. In real effective terms, it depreciated by 38 percent during the same period. At end-1999, the parallel market premium had all but disappeared; however, since April 2000, the kwanza has again come under pressure and a premium of up to 10 percent has re-emerged.

6. Government revenue was buoyed by rising oil prices and the depreciation of the currency in 1999. Although expenditure and net lending also rose significantly as a consequence of the war and budgetary subsidies and transfers, the overall fiscal deficit (on a commitment basis and excluding grants) fell from 15 percent of GDP in 1998 to 13 percent in 1999 (Tables 3, 4, and 5, and Figure 4).<sup>4</sup> However, a further substantial accumulation of domestic and external arrears, as well as the receipt of large one-off oil exploration bonuses, enabled the government to accumulate net claims against the banking system.

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<sup>3</sup> Gross official reserves as of end-1999 amounted to US\$480 million, of which US\$417 million were usable reserves.

<sup>4</sup> The overall balance on a cash basis shifted from a deficit of 7½ percent of GDP to a surplus of 1 percent during the same period.

Table 2. Angola: Balance of Payments, 1995-99

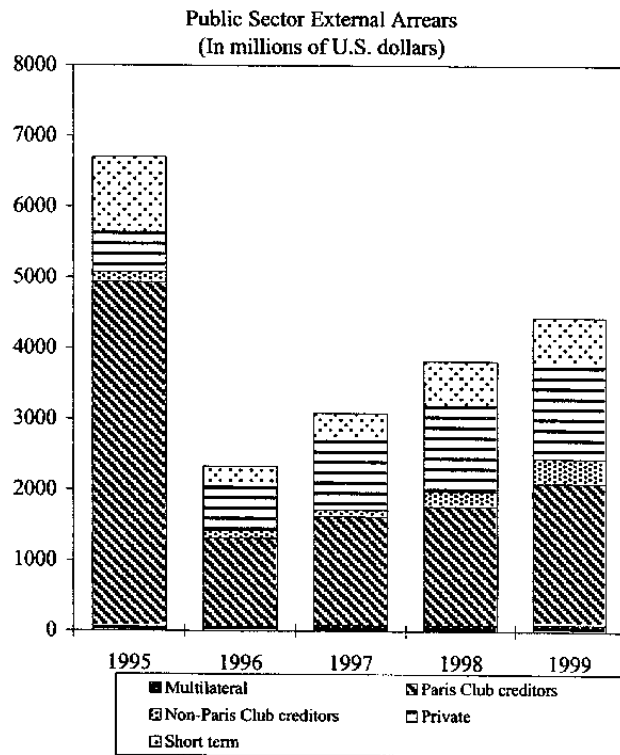
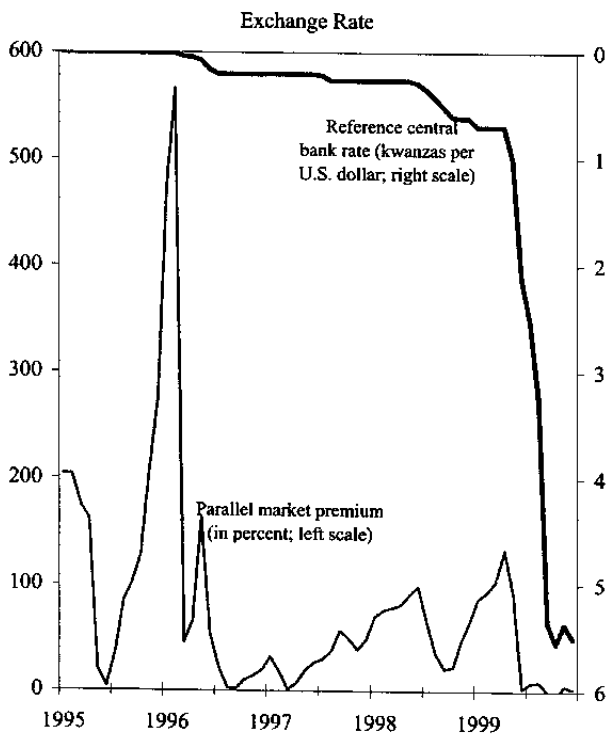
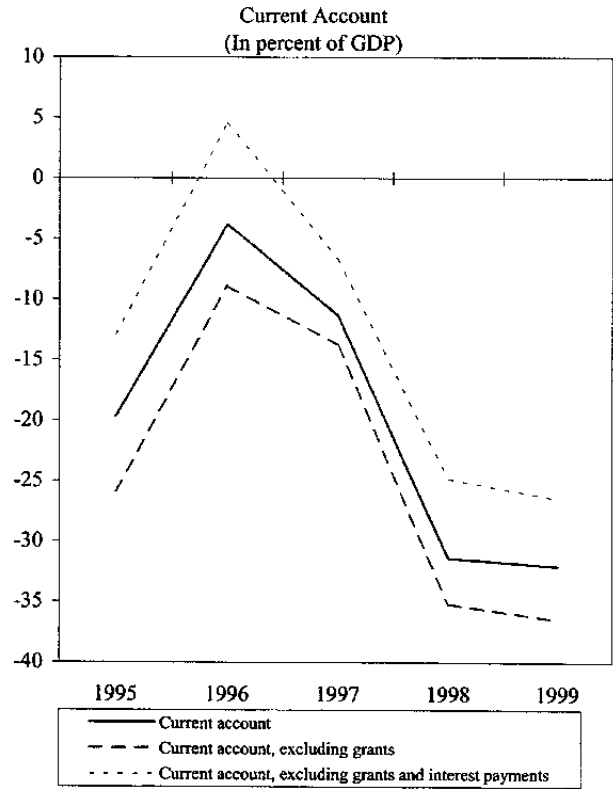
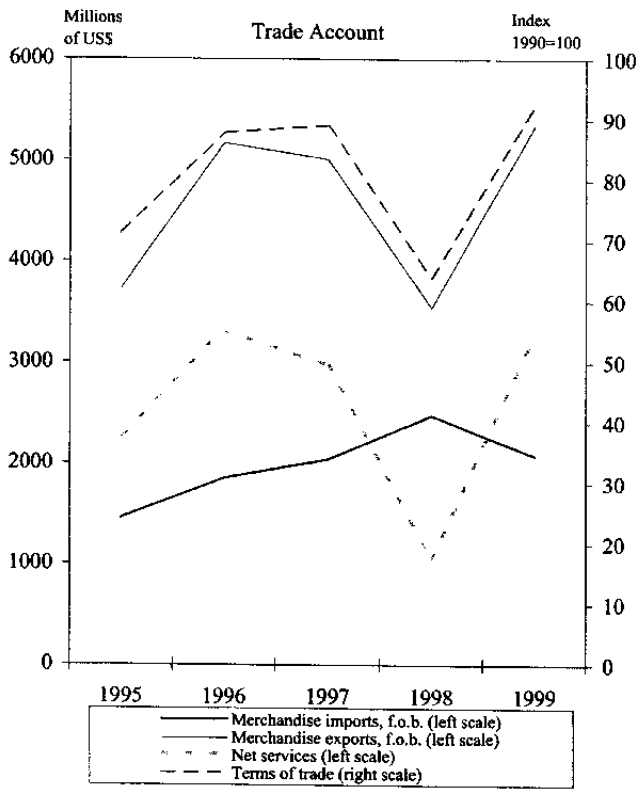
	1995	1996	1997	1998	1999
	(In millions of U.S. dollars)				
Current account (including transfers)	-994	-249	-869	-2,023	-1,797
Trade balance	1,871	3,129	2,529	1,464	2,077
Exports, f.o.b.	3,723	5,169	5,007	3,543	5,344
Oil	3,522	4,854	4,630	3,091	4,694
Non-oil	201	315	377	452	650
Imports, f.o.b.	1,852	2,040	2,477	2,079	3,267
Services and transfers (net)	-2,864	-3,378	-3,399	-3,487	-3,874
<i>Of which</i> : interest payments 1/	...	-767	-442	-454	-326
Capital account	-256	24	91	-22	1,552
Direct investment (net)	303	588	492	1,115	2,520
Medium and long term (net)	-729	-306	267	-965	-705
Drawings	429	907	1,601	603	812
<i>Of which</i> : government on commercial terms	151	626	1,314	269	620
Amortization	1,157	1,213	1,334	1,568	1,517
Short term (net)	169	-257	-668	-172	-263
Other errors and omissions (net)	30	-121	-32	673	4
Overall balance	-1,220	-346	-810	-1,372	-240
Financing	1,220	346	810	1,372	240
Net international reserves (increase -)	626	-1,520	184	317	-534
Exceptional financing	594	1,866	626	1,055	774
<i>Of which</i> : arrears (decrease -)	514	-3,871	596	988	774
	(In percent of GDP, unless otherwise indicated)				
Current account (including transfers)	-19.7	-3.8	-11.3	-31.4	-32.1
Overall balance	-24.2	-5.3	-10.5	-21.3	-4.3
Import coverage (in months of next year's imports)	1.0	1.3	1.0	0.4	0.9
	(In percent of exports of goods and nonfactor services)				
Public external debt 2/	304	156	164	240	175
Public debt-service ratio 2/	42	34	15	24	17
	(In millions of U.S. dollars, unless otherwise indicated)				
Memorandum items:					
GDP	5,040	6,535	7,690	6,449	5,606
Exports of goods and nonfactor services	3,836	5,459	5,236	3,666	5,467
(in percent of GDP)	76.1	83.5	68.1	56.8	97.5
Imports of goods and nonfactor services	3,051	3,559	4,031	3,122	4,290
(in percent of GDP)	60.5	54.5	52.4	48.4	76.5
Foreign debt	11,675	8,499	8,570	8,782	9,591
Gross international reserves	369	558	392	201	481
Price of Angola's oil (U.S. dollars per barrel)	16.6	20.4	18.6	12.0	17.4

Sources: National Bank of Angola; and staff estimates.

1/ Including interest on arrears.

2/ Including short-term debt.

Figure 3. Angola: Selected External Indicators, 1995-99



Sources: National Bank of Angola; Ministry of Finance; and staff estimates.

Table 3. Angola: Summary of Government Operations as Percentage of GDP, 1995-99 1/

	1995	1996	1997	1998	1999
Revenue	30.1	45.0	38.7	27.0	48.2
Tax revenue	29.8	44.8	38.2	26.6	47.9
Oil	26.3	40.2	32.2	18.8	42.4
Non-oil	3.6	4.6	6.0	7.8	5.5
Income taxes	0.7	0.8	1.4	2.1	1.7
Taxes on goods and services	0.7	1.1	1.6	2.4	2.1
Taxes on foreign trade	1.5	1.9	1.9	2.2	1.4
Other	0.6	0.8	1.1	1.1	0.3
Nontax revenue	0.3	0.2	0.5	0.4	0.3
Current expenditure	50.6	53.3	51.3	40.4	53.6
Personnel	7.6	8.9	9.8	10.6	6.1
<i>Of which: wages</i>	7.5	8.7	9.6	10.4	6.1
Goods and services	27.0	29.3	31.3	21.0	29.8
Interest payments due	10.9	11.7	5.8	7.0	6.1
Domestic	0.0	0.0	0.0	0.0	0.0
External	10.8	11.6	5.8	7.0	6.1
Transfers	5.1	3.4	4.4	1.8	11.5
Capital expenditure	7.0	4.9	4.5	1.4	4.2
Total expenditure	57.6	58.2	55.8	41.8	57.7
Errors and omissions (minus sign = net expenditure)	-1.8	-2.7	-0.7	-0.3	-3.5
Overall balance (commitment basis)	-29.2	-15.8	-17.8	-15.1	-13.1
Change in payment arrears	9.7	14.0	4.0	7.5	14.2
Domestic payments	1.1	6.4	0.7	3.4	10.3
External interest	8.6	7.6	3.2	4.2	3.9
Overall balance (cash basis)	-19.5	-1.8	-13.8	-7.6	1.1
Financing	19.5	1.8	13.8	7.6	-1.1
Grants	0.0	1.7	0.8	1.2	2.2
Nonrecurrent oil concession bonuses	...	...	...	...	16.1
External borrowing (net)	-11.0	-0.1	8.7	-3.6	-4.2
Disbursements	3.0	0.0	17.1	4.2	11.6
Amortization	-14.0	-0.1	-9.2	-11.6	-12.1
Amortization due	-19.8	0.0	-12.6	-17.9	-19.1
Change in principal arrears	5.9	-0.1	3.4	6.3	7.1
Short-term borrowing (net)	0.0	0.0	0.8	3.8	-3.6
Debt relief	0.0	0.0	0.4	1.0	0.0
Domestic financing (net)	30.4	0.2	4.0	8.9	-15.2
Bank credit (central bank)	30.4	0.2	4.0	8.9	-13.0
Other	0.0	0.0	0.0	0.0	-2.2
Memorandum items:					
Primary deficit (-)	-18.4	-4.2	-12.1	-8.0	-6.9
Government savings	-20.5	-8.2	-12.6	-13.4	-5.4
Non-oil taxes 2/	8.1	11.1	11.6	12.5	14.3
Nontax revenues 2/	0.7	0.5	1.0	0.7	0.7

Sources: Ministry of Finance; and staff estimates.

1/ Accounting data and budget estimates adjusted by staff estimates of unrecorded transactions.

2/ As percent of non-oil GDP.

Table 4. Angola: Summary of Government Operations, 1995-99 1/  
(In billions of kwanzas)

	1995	1996	1997	1998	1999
Revenue	0.004	0.376	0.679	0.685	7.540
Tax revenue	0.004	0.374	0.670	0.674	7.495
Oil	0.004	0.336	0.565	0.477	6.630
Non-oil	0.000	0.039	0.106	0.196	0.865
Income taxes	0.000	0.007	0.025	0.052	0.263
Taxes on goods and services	0.000	0.009	0.027	0.061	0.328
Taxes on foreign trade	0.000	0.016	0.034	0.056	0.224
Other	0.000	0.007	0.020	0.027	0.050
Nontax revenue	0.000	0.002	0.009	0.011	0.045
Current expenditure	0.007	0.445	0.900	1.025	8.384
Personnel	0.001	0.074	0.172	0.269	0.960
<i>Of which: wages</i>	0.001	0.073	0.168	0.264	0.947
Goods and services	0.004	0.245	0.550	0.532	4.668
Interest payments due	0.001	0.097	0.101	0.178	0.959
Domestic	0.000	0.000	0.000	0.000	0.000
External	0.001	0.097	0.101	0.178	0.959
Transfers	0.001	0.028	0.078	0.045	1.797
Capital expenditure	0.001	0.041	0.080	0.035	0.650
Total expenditure	0.008	0.486	0.980	1.059	9.034
Errors and omissions (minus sign = net expenditure)	0.000	-0.022	-0.013	-0.007	-0.551
Overall balance (commitment basis)	-0.004	-0.132	-0.313	-0.382	-2.045
Change in payment arrears	0.001	0.117	0.070	0.190	2.216
Domestic payments	0.000	0.053	0.013	0.085	1.606
External interest	0.001	0.064	0.057	0.105	0.610
Overall balance (cash basis)	-0.003	-0.015	-0.243	-0.191	0.172
Financing	0.003	0.015	0.243	0.191	-0.172
Grants	0.000	0.014	0.014	0.031	0.349
Nonrecurrent oil concession bonuses	...	...	...	...	2.512
External borrowing (net)	-0.001	0.000	0.152	-0.091	-0.650
Disbursements	0.000	0.000	0.300	0.107	1.808
Amortization	-0.002	-0.001	-0.161	-0.295	-1.889
Amortization due	-0.003	0.000	-0.222	-0.453	-2.993
Change in principal arrears	0.001	0.000	0.060	0.159	1.104
Short-term borrowing (net)	0.000	0.000	0.014	0.096	-0.569
Debt relief	0.000	0.000	0.007	0.026	0.000
Domestic financing (net)	0.004	0.001	0.070	0.226	-2.382
Bank credit (central bank)	0.004	0.001	0.070	0.226	-2.031
Other	0.000	0.000	0.000	0.000	-0.351
Memorandum items:					
Primary deficit (-)	-0.003	-0.035	-0.212	-0.203	-1.086
Government savings	-0.003	-0.069	-0.221	-0.340	-0.844

Sources: Ministry of Finance; and staff estimates.

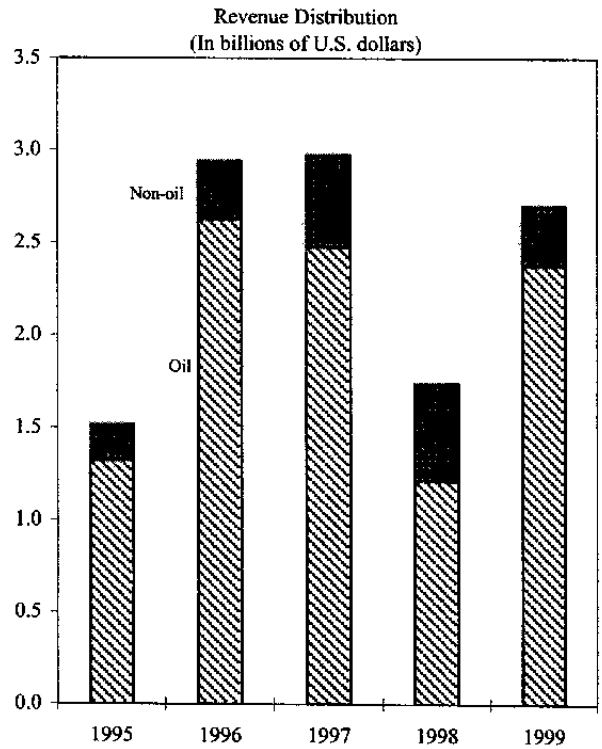
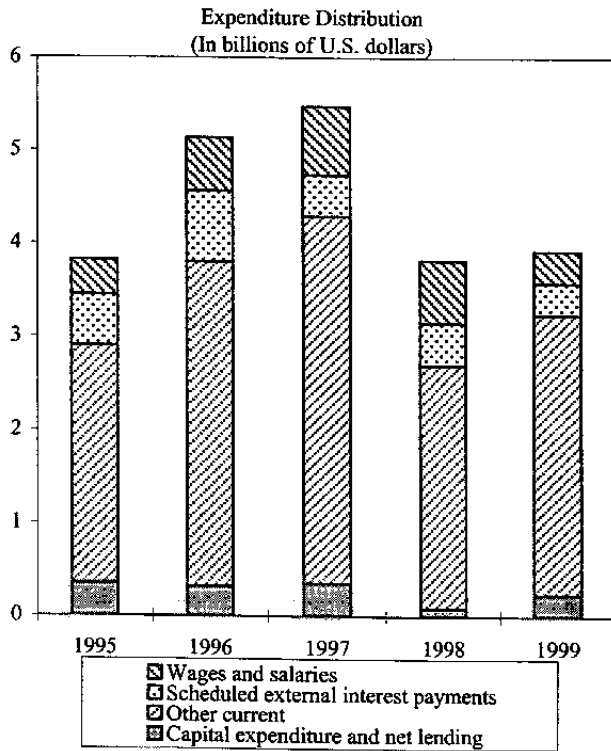
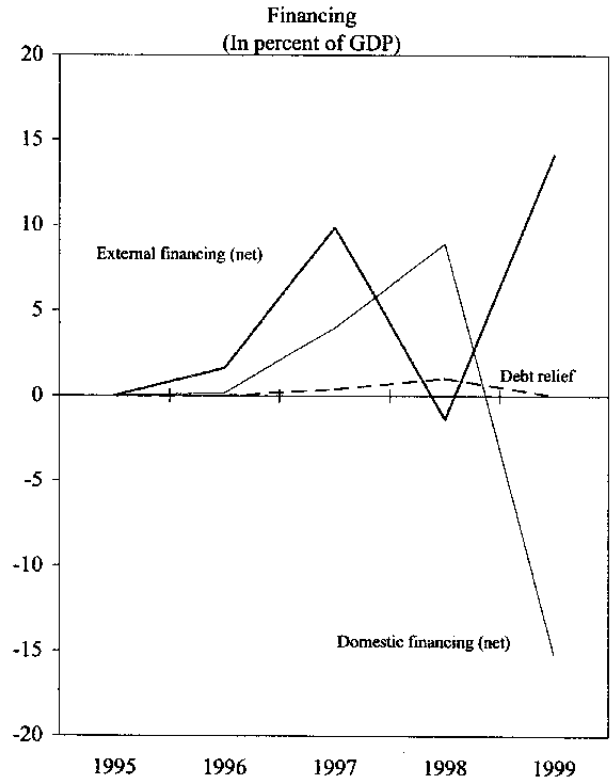
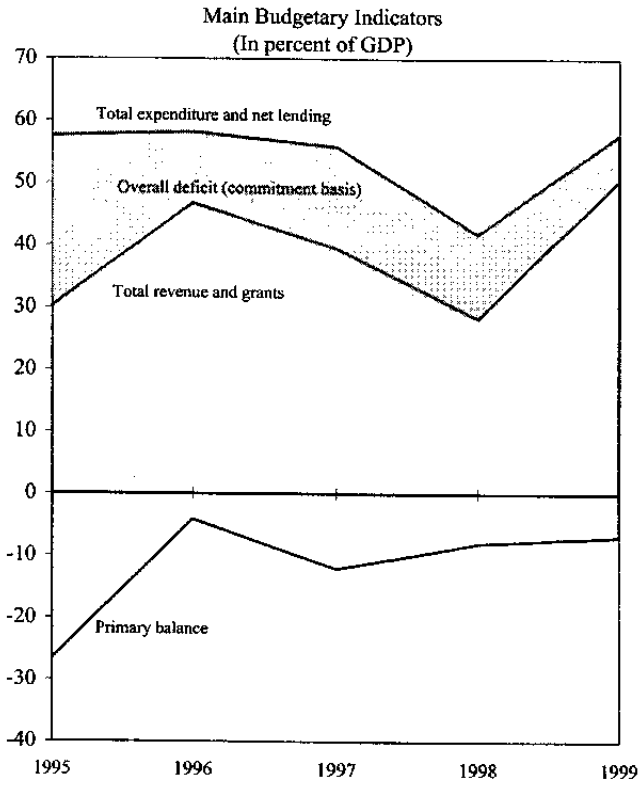
1/ Accounting data and budget estimates adjusted by staff estimates of unrecorded transactions.

Table 5. Angola: Government Revenue, 1995-99

	1995	1996	1997	1998	1999
(In billions of kwanzas)					
Total revenue	0.004	0.376	0.679	0.685	7.540
Tax revenue	0.004	0.374	0.670	0.674	7.495
Income tax	0.003	0.246	0.445	0.360	5.676
Oil corporate tax	0.002	0.106	0.369	0.303	5.363
Oil transaction tax	0.001	0.133	0.052	0.004	0.050
Other	0.000	0.007	0.025	0.052	0.263
Tax on goods and services	0.001	0.105	0.171	0.231	1.549
Oil sector	0.001	0.097	0.144	0.170	1.221
Diamond sector	0.000	0.002	0.000	0.001	0.074
Other	0.000	0.007	0.027	0.060	0.254
Tax on foreign trade	0.000	0.016	0.034	0.056	0.224
Other taxes	0.000	0.007	0.020	0.027	0.046
<i>Of which</i> : stamp tax	0.000	0.006	0.014	0.017	0.039
Nontax revenue	0.000	0.002	0.009	0.011	0.045
(In percent of total revenue)					
Tax revenue	99.0	99.5	98.7	98.4	99.4
Income tax	69.1	65.4	65.6	52.5	75.3
Tax on goods and services	22.9	28.0	25.2	33.7	20.5
Oil sector	20.5	25.7	21.2	24.8	16.2
Diamond sector	0.0	0.5	0.0	0.1	1.0
Other	2.4	1.9	4.0	8.8	3.4
Tax on foreign trade	4.9	4.3	5.0	8.2	3.0
Other taxes	2.0	1.8	2.9	3.9	0.6
Nontax revenue	1.0	0.5	1.3	1.6	0.6
Total tax on oil sector	87.2	89.2	83.1	69.7	88.0
(In millions of U.S. dollars)					
Tax on oil sector	1,324	2,625	2,475	1,215	2,377
Corporate tax	556	833	1,617	771	1,922
Transaction tax	456	1,037	227	11	18
Production tax	311	755	631	433	437

Sources: Ministry of Finance; and staff estimates.

Figure 4. Angola: Selected Fiscal Indicators, 1995-99



Sources: National Bank of Angola; Ministry of Finance; and staff estimates.

7. Angola is the second-largest oil exporter in sub-Saharan Africa and oil receipts account for the great bulk of merchandise exports and of government revenue, and slightly more than half of GDP. Against this backdrop, oil tax receipts more than doubled in relation to GDP in 1999, buoyed by higher oil export prices and rising output, especially from the Cabinda fields.<sup>5</sup> To reduce dependence on oil revenue over the medium term, the authorities introduced important tax measures in 1999, broadening the base of the income and sales taxes, lowering the maximum corporate income tax rate to 35 percent, and overhauling the trade tax structure (Appendix I). The maximum import duty was reduced from 110 percent to 35 percent and the number of tariff bands from 43 to 8, while export taxes were reduced to 1-2 percent. At the same time, the authorities have begun to strengthen tax administration, putting particular emphasis on reducing the large evasion of customs duties.

8. The intensification of armed hostilities exerted strong pressures on the public finances, especially in the form of large imports of defense equipment. As a consequence, military spending doubled to about 22 percent of GDP, or 40 percent of total government expenditure in 1999. In addition, rising fuel subsidies as a result of lagging retail prices and higher oil export prices, as well as an increase in other transfers (especially scholarships for students abroad), led to an escalation in transfer outlays, which rose from about 2 percent of GDP in 1998 to about 11 percent of GDP in 1999. By contrast, social spending remained unchanged at 5 percent of GDP, and the wage bill fell to 6 percent of GDP from 11 percent in 1998, as the 210 percent wage increases granted late in the year were eroded by the acceleration of inflation. Investment outlays rose to 4.2 percent of GDP from the very low level observed in 1998.

9. The accumulation of external payments arrears has virtually shut off multilateral and bilateral financing, and in recent years the government has had to rely mostly on commercial, oil-guaranteed loans.<sup>6</sup> Moreover, the government accumulated substantial domestic arrears in 1999, and it is currently evaluating the amounts and legal standing of these arrears (especially to suppliers), with a view to working toward their settlement. Oil-guaranteed debt comprised one-third of the total debt outstanding at end-1999, and the government is servicing only oil-guaranteed loans and debt of multilateral institutions.

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<sup>5</sup> Major new discoveries in offshore and ultra-deep waters also have been confirmed, such that crude oil output is expected to double over the next five years.

<sup>6</sup> Public sector external arrears rose from US\$3.8 billion at end-1998 to US\$4.4 billion at end-1999 (Statistical Appendix Table 23).



10. Financial markets are not well developed in Angola. The banking system consists of the National Bank of Angola (BNA), two state-owned commercial banks, two local banks with foreign participation, and three branches of Portuguese banks. The bankrupt state development bank (CAP Bank) ceased operations in 1998 and is being liquidated. Interbank money and foreign exchange markets are at an embryonic stage. Prudential and supervisory regulations for the financial system are in compliance with the criteria established by the Basel Committee on Banking Supervision, but the enforcement of these regulations has been weak, owing in part to lack of skilled personnel.

11. Monetary policy was accommodating in 1999, as evidenced by the very rapid increase in the local currency component of broad money. The kwanza equivalent of foreign currency deposits also rose sharply as a result of the currency depreciation and continued dollarization of the economy (Table 6 and Figure 5). Spreads between local currency deposit and lending rates have increased since the lifting of interest rate controls in May 1999, but interest rates on kwanza-denominated transactions have remained highly negative in real terms, owing in part to the shallowness of financial markets and the reluctance of the BNA to engage actively in open market operations. The BNA has traditionally sought to control liquidity by setting bank-by-bank **credit ceilings** that are revised periodically. In April 2000, it began to set ceilings on **net domestic assets** of individual banks in the transition toward greater reliance on indirect instruments of monetary control, but so far the BNA has engaged in only very limited placements of open market paper. On April 1, 2000, reserve requirements on local currency deposits, which are not remunerated, were lowered from 35 percent to 30 percent. The only current requirement on foreign currency deposits is that banks must hold 50 percent of these deposits abroad.

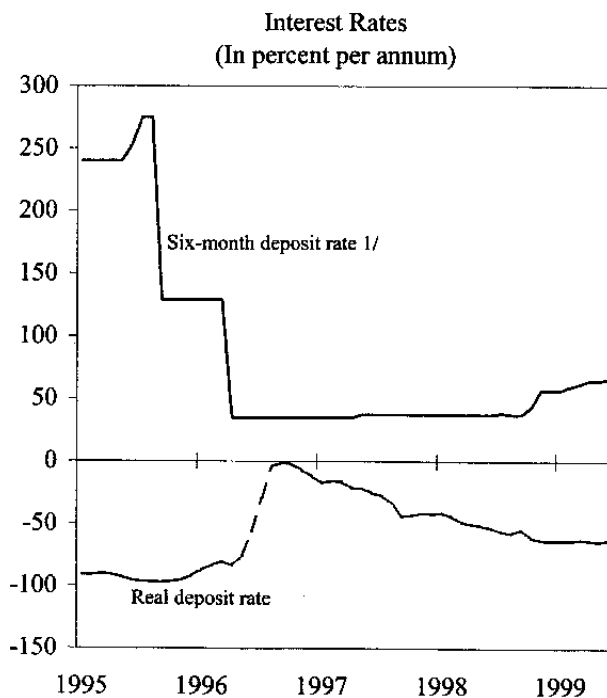
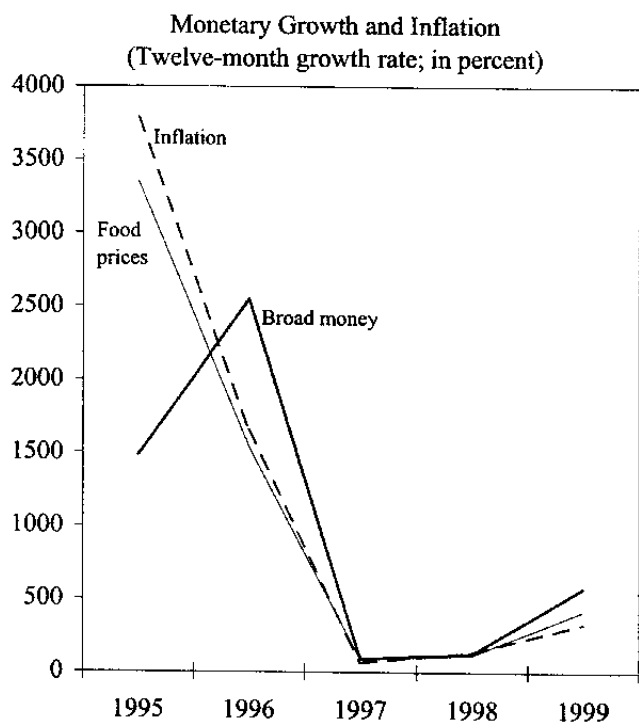
12. In May 1999, the BNA liberalized exchange rate transactions, allowed the kwanza to float, and established an interbank foreign exchange market. Major changes to the exchange and trade system were also introduced in 1999: the requirement of prior BNA approval of foreign exchange purchases for imports was abolished; limits on purchases of foreign currency for travel and transfer abroad were substantially relaxed; some capital account transactions were preauthorized up to maximum amounts specified in U.S. dollars; and external tariffs on imports and exports were drastically reduced. Nevertheless, Angola continues to maintain some exchange restrictions subject to Fund approval under the transitional arrangements of Article XIV. In particular, there are limits on the availability of foreign exchange for the payment of imports of goods and for invisible transactions, such as travel, medical, or educational allowances; limits on unrequited transfers to foreign-based individuals and institutions; and limits on remittances of dividends and profits from foreign investments that do not exceed the equivalent of US\$250,000. Moreover, a multiple currency practice could arise at times if the spread between the daily buying and selling reference rates set by the BNA for transactions in the interbank market exceeded 2 percent.

Table 6. Angola: Monetary Survey, 1995- 99

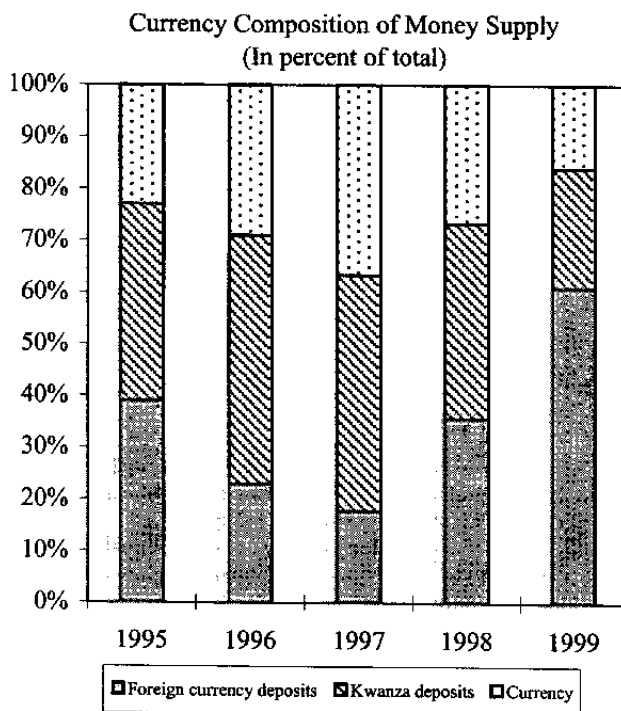
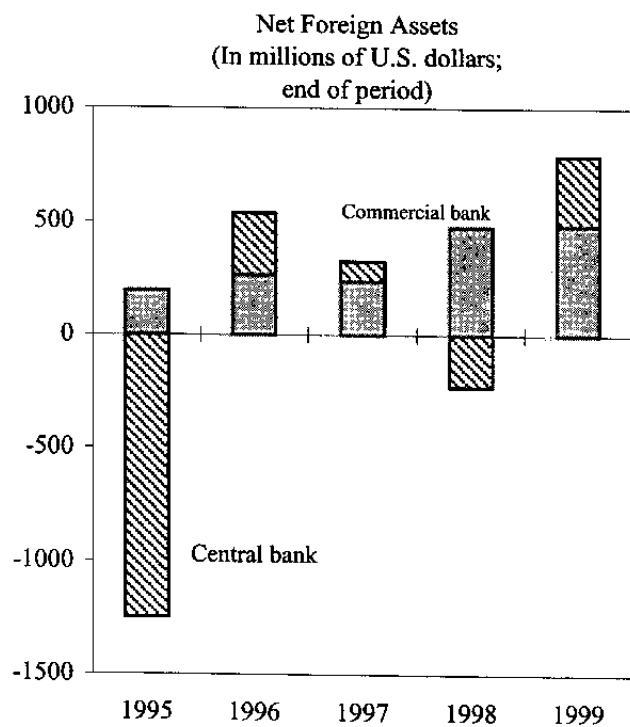
	1995 Dec.	1996 Dec.	1997 Dec.	1998 Dec.	1999 Dec.
	(In billions of kwanzas)				
Net foreign assets (banking system)	-0.006	0.108	0.086	0.175	4.449
National Bank of Angola	-0.007	0.055	0.023	-0.161	1.718
Gross reserves	0.002	0.113	0.104	0.142	2.708
Foreign liabilities	-0.009	-0.058	-0.081	-0.303	-0.990
Commercial banks	0.001	0.053	0.063	0.336	2.731
Foreign assets	0.002	0.106	0.219	0.475	3.622
Foreign liabilities	0.000	-0.052	-0.156	-0.139	-0.891
Net domestic assets	0.011	0.037	0.190	0.449	-0.240
Net domestic credit	0.008	0.035	0.175	0.449	-1.225
Credit to government (net)	0.004	0.006	0.075	0.301	-1.730
Claims on government	0.005	0.037	0.082	0.330	0.802
Government deposits	0.000	-0.032	-0.007	-0.029	-2.532
Credit to the economy	0.004	0.029	0.100	0.148	0.505
Private sector (domestic currency)	0.001	0.027	0.093	0.092	0.433
State companies	0.003	0.002	0.007	0.056	0.072
Medium-and long-term foreign liabilities	-0.002	-0.013	-0.006	-0.008	-0.008
Other items (net)	0.005	0.015	0.021	0.008	0.992
Money and quasi money (M2)	0.005	0.145	0.276	0.625	4.208
Money	0.003	0.135	0.267	0.561	3.271
Currency outside banks	0.001	0.042	0.102	0.166	0.673
Demand deposits	0.002	0.093	0.166	0.395	2.599
Of which : foreign currency deposits	0.000	0.025	0.043	0.172	1.675
Quasi money	0.002	0.010	0.009	0.064	0.937
Of which : foreign currency deposits	0.002	0.008	0.005	0.050	0.872
	(Twelve-month percentage change)				
Net foreign assets	2,483	-1,910	-21	103	2,438
Net domestic assets	1,883	221	417	136	-153
Net domestic credit	4,043	339	405	156	-373
Credit to government (net)	3,555	32	1,235	300	-675
Credit to the economy	4,816	700	244	48	241
Private sector (domestic currency)	1,614	2,792	245	-1	369
State companies	13,779	-23	243	683	146
Money and quasi money (M2)	1,481	2,551	90	126	574
Currency outside banks	2,334	3,298	141	63	306
Kwanza money supply (incl. currency)	1,731	3,281	103	77	280
Foreign currency deposits	1,208	1,431	46	358	1,257
Memorandum items:	(In units indicated)				
Official exchange rate (selling; Kwanzas/US\$)	0.006	0.202	0.265	0.703	5.844
Accumulated inflation year to date (in percent)	3,784	1,651	64	135	198
Velocity (GDP/M2 annual average)	4.7	11.1	8.3	5.6	6.5
BNA gross international reserves (in US\$ millions)	369	558	392	201	463
In months of next year's imports of goods and services	0.98	1.31	0.97	0.38	0.87
BNA net international reserves (in US\$ millions)	-1,247	273	88	-229	294
Commercial banks' net foreign assets (in US\$ millions)	195	264	237	478	467

Sources: National Bank of Angola (BNA); and staff estimates.

Figure 5. Angola: Selected Monetary Indicators, 1995-99



1/ Minimum rate fixed by the central bank until May 1999; estimated average rate afterward.



### **III. OTHER STRUCTURAL INITIATIVES**

13. As noted earlier, in March 1999 the government launched an adjustment and reform program that is being deepened in the context of a staff-monitored program for 2000. In this connection, the authorities are undertaking a number of initiatives to increase transparency in public sector operations, which has been a major problem in Angola. The government has subscribed to the principle of universal coverage of its receipts and expenditures in the national budget. Moreover, it has launched an international bidding for the selection of reputable independent experts to undertake an oil sector audit, which will be initiated in July 2000. In February 2000, the government introduced major changes in its diamond sector policy, creating a new diamond marketing company with majority state ownership and initiating a close review of current exploration and market licenses to curb irregularities. The government is also strengthening the monitoring and control of budgetary expenditure and enforcing the prohibition of government payments without proper authorization.

14. In December 1999, the government initiated a civil service reform to reduce the number of employees by 35,000-40,000 positions (about one-fifth of the workforce) through attrition, early retirement, training, and self-employment programs during 1999-2001. The reform is expected to permit an increase in the real remuneration of professionals and skilled workers over time, and to forge a closer link between pay and performance.

15. The authorities initiated a privatization program in 1990, but progress thus far has been slow and limited to small enterprises. In 1999, the government prepared a list of medium-sized enterprises to be privatized, and in May 2000 it selected ten of those enterprises to be privatized under a pilot project. Studies are also being conducted with a view to phased privatization of the two state-owned banks.

16. The authorities have made large adjustments in fuel prices and electricity tariffs during the first half of 2000, thereby eliminating fuel subsidies except for the farming, fisheries, and coastal sea transport sectors. Domestic fuel prices were raised by 972-1,650 percent in February, and electricity tariffs were adjusted by 1,130-1,450 percent in March-April 2000, as part of a phased convergence toward cost recovery levels under formulas agreed with the World Bank.

### **IV. SOCIAL SECTOR DEVELOPMENTS**

17. Social conditions in Angola are worse than the average for sub-Saharan Africa (see Table 1) as a result of many decades of internal conflicts before and after the country's independence in 1975. According to the United Nations, in 1999 there were about 3.7 million persons displaced by the conflict, and about 9 million persons living in absolute poverty. The conflict has also extensively damaged the country's infrastructure and lowered farm output well below its preindependence level. A Program of Rehabilitation of Social and Productive Infrastructure was announced in July 1999, and

an appropriation equivalent to US\$90 million was included for this purpose in the 2000 budget. Rehabilitation projects over the next two years will be carried out by a newly created Economic and Social Development Fund (FDES).

Angola: Summary of Tax System as of May 31, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates	
I. Central government				
1. Taxes on net income and profits				
1.1 Individual				
1.1.1 Earned income tax ( <i>Imposto sobre o Rendimento do Trabalho</i> ) Law 10/99 of October 29, 1999	Tax on labor income in money or in kind, whether contractual or not, fixed or variable, periodic or occasional, regardless of source, place, currency, or form of calculation and payment.	<i>Not defined as taxable income:</i> maternity, death, occupational accident and disease, unemployment, and funeral allowances; old age, disability, and survivors' pensions; retirement bonus; cash shortage allowance; per diem, vacation, and thirteenth-month allowances; representation, travel, relocation, family, and housing rental allowances; severance pay; social security contributions; and remuneration of casual agricultural and domestic employees.	Monthly Income (In Kz)  Up to 100 From 100 to 300 From 300 to 900 From 900 to 1,500 Over 1,500	Tax Due (In percent)  Exempt 4% of excess over 100 8 + 6% of excess over 300 44 + 10% of excess over 900 140 + 20% of excess over 1,500
		All self remunerations from business owners		20%
		<i>Exemptions:</i> diplomatic personnel (if bilateral reciprocity applies); international organizations personnel, as stipulated in respective charter and ratified by an Angolan authority; NGOs personnel, with previous agreement from Ministry of Finance; handicapped individuals and maimed war veterans with at least 50% incapacity; individuals older than 60 years old and the military personnel; monthly remuneration up to Kz 100 (except self remunerations from business owners).		
1.1.1.1 Employees	Tax on all remuneration received by employees, including allowances and bonuses.			
	Income of partners in firms, members of boards of directors or other corporate managing bodies, fiscal boards, general shareholder meeting bureaus, and other corporate bodies.			
1.1.1.2 Self-employed	Tax on income earned during the base year from self-employment in a predominantly scientific, artistic, or			

Angola: Summary of Tax System as of May 31, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates	
1.1.2	<p>Capital income tax (<i>Imposto sobre a Aplicação de Capitais</i>) Legislative Instrument 36/72 of May 1, 1972, amended by Law 14 /92 of July 3, 1992</p>	<p>technical profession, or from services not subject to another tax.</p> <p>Annual tax on income from financial investments indicated in Sections A and B.</p> <p><i>Section A</i> covers interest on loans, credit contract fees, and late payment fines and charges.</p> <p><i>Section B</i> covers (at the regular rate) interest paid by firms to their partners; compensation paid to firms for suspension of activities and other miscellaneous capital income; and (at the reduced rate) profits distributed by partnerships and corporations; capital income of cooperative members; interest on debentures; profits from limited partnerships and from shares issued with preferential subscription rights; returns of any kind from the assignment of copyrights on literary, artistic, or scientific works, including films, patents, equipment, and know-how in the industrial, commercial, or scientific sector; and any other income arising from the mere investment of capital and not included in Section A.</p>	<p><i>Exempt:</i></p> <p><i>For Section A</i>, income of financial institutions and cooperatives; interest on installment sales (including late interest); and interest on loans made by life insurance companies to the insured.</p> <p><i>For Section B</i>, profits distributed by holding companies; profits already taxed in other firms where they were generated; interest on demand deposits; interest on certain government debt; and interest on time deposits with the banking system.</p> <p><i>Tax incentive:</i> exemption, for a period of three-five years, for profits distributed to partners in firms entitled to the exemption set forth in Art. 14 of the Industrial Tax Code (C.I.I.) for a like period.</p>	<p>15 percent regular rate. 5 percent reduced rate on some Section B income.</p>
1.2 Corporate				
1.2.1	<p>Industrial tax (<i>Imposto Industrial</i>) Legislative Instrument 35/72 of April 29, 1972, amended by Law 18/92 of July 3, 1992; Law 7/96 of April 19, 1196; Law 7/97 of October 10, 1997; Executive Decree 84/99 of July 11,</p>	<p>Tax on profits, whether incidental or recurrent, imputable to any commercial or industrial activity not subject to earned income tax; to agricultural, forestry, and cattle-raising activities; to mediation or representation in the execution of contracts of any kind; and to agents of industrial or commercial enterprises doing business in Angola or abroad and having domicile, main offices, or effective management power or a fixed establishment in Angola.</p>	<p><i>Exempt:</i> workers' production cooperatives; building cooperatives engaged in construction or lending of money to members for that purpose; consumer, agricultural and cattle-raising cooperatives dealing exclusively with their members; instructional, cultural, leisure, physical education, or sports associations; firms that administer only their own properties; foreign maritime and air transport companies, if reciprocal privileges are given to Angolan companies in their countries; commercial and industrial income subject to the special tax regime; and the</p>	<p>35 percent regular rate.</p> <p>20 percent on income exclusively from agricultural, forestry, and cattle-raising activities.</p> <p>The Ministry of Finance may authorize a 50 percent reduction of the rates for companies that locate in economically disadvantaged areas and set up industries using local resources, for up to ten years.</p>

Angola: Summary of Tax System as of May 31, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates
1999; Law 5/99 of August 6, 1999	<p><i>Group A</i> — actual profits: state enterprises; corporations; commercial firms with capital exceeding 35 UCFs; credit institutions; insurance institutions; individuals or companies with domicile, main offices, or effective management power in Angola or abroad and with a fixed establishment in Angola; taxpayers with average sales above 1,538 UCFs in the last three years; and Group B taxpayers electing to be included in Group A.</p> <p><i>Group B</i> — presumptive profits: taxpayers not included in Groups A or C and who engage in occasional industrial or commercial activities.</p> <p><i>Group C</i> — estimated potential profits: individual taxpayers meeting all the following conditions: (a) self-employed in a commercial or industrial activity included in the schedule; (b) work alone or with no more than three family members or other persons; (c) do not keep reliable books; (d) own no more than two motor vehicles; and (e) have annual turnover not exceeding 269 UCFs.</p>	<p>National Bank of Angola.</p> <p>Income from the installation of new industries in Angola may also qualify for exemption, as may income from commercial activities performed in areas deemed of interest to economic development, for a period of three-five years.</p> <p>All or part of the profits from activities performed with a view to carrying out social assistance, welfare, or other social projects.</p> <p><i>Tax incentives:</i> allowed for those engaging in new agricultural, forestry or cattle-raising activities for a period of up to ten years, and also to agricultural, forestry, cattle-raising, and fishing activities with annual sales below 269 UCFs.</p>	35 percent.
1.2.1.1 Taxation of contract work Law 7/97 of October 10, 1997	<p>A special tax regime covering contract and subcontract work and services rendered is applicable to individuals or companies, whether or not they have headquarters, actual control, effective management power, or a fixed establishment in Angola, operating occasionally or permanently, provided they are not subject to the earned income tax.</p> <p>The taxable base includes (a) in the case of construction, improvement, repair or maintenance of fixed assets—10 percent of the value of the contract, regardless of its form; (b) in all other cases, 15 percent of that amount.</p>		



Angola: Summary of Tax System as of May 31, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates			
1.2.1.2	Revaluation of assets Decree 6/96 of January 26, 1996; Orders 6/99 and 7/99 of January 22, 1999; Order 37/00 of February 3, 2000	Allows for the revaluation of tangible fixed assets which are and are expected to remain in service, duly recorded in the following accounts: buildings, construction for specific purposes, facilities, manufacturing and other equipment, means of transportation, furniture, fixtures, and other fixed assets. Revaluation will be made by applying the indexation coefficients established by decree of the Minister of Finance. The base and maximum values, procedure, reserve, tax system, rendering useless or destruction and sale of assets, and revaluation, amortization, and inventory tables are specified.	Exchange Rate			
			Year	Kz/US\$	Index	Coefficient
			1994	529.6230	81.4805	515.2174
			1995	5,920.0000	11.1778	46.0931
			1996	209,099.0000	35.3208	1.3050
			1997	272,871.0000	1.3050	1.0000
			Exchange Rate			
			Year	Kz/US\$	Index	Coefficient
			1997	272,871.0000	1.3050	2.3491
			1998	641,000.0000	2.3491	1.0000
Exchange Rate						
Year	Kz/US\$	Index	Coefficient			
1998	0.64100	2.34910	8.78838			
1999	5.63335	8.78838	1.00000			
1.2.2	Tax regime for the mining industry Law 1/92 of January 17, 1992; Decree Law 4-B/96 of May 31, 1996 (D.R. 22/96 – Supplement)	The mining industry is subject to the following: (a) industrial income tax on its earnings; (b) royalties on the value of its mineral resources; and (c) surface tax.	b) Precious stones and metals Semiprecious stones Metallic minerals Other mineral resources	5 percent 4 percent 3 percent 2 percent		
			c) First and second years Third year Fourth and fifth years	1 US\$/sq. km. 3 US\$/sq. km. 4 US\$/sq. km.		
1.2.3	Special tax regime for the oil industry					
1.2.3.1	Oil production tax (Imposto de produção de petróleo) Decree 41 356 of November 11, 1957 (B.O. No. 49 of December 4, 1957); Decree 68/70; Law 167.13/78 of August 26, 1978	Tax on the value of the oil, paid by oil companies operating in joint venture with SONANGOL.	Cabinda province: 20 percent.  Other provinces	(In percent)		
			Basic rate	12 ½		
			Surcharge	4 1/6		
			Total	16 2/3		

Angola: Summary of Tax System as of May 31, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.2.3.2 Oil income tax <i>(Imposto de rendimento de petróleo)</i> Decree 41 357 of November 11, 1957 <i>(B.O. 49 of December 4, 1957);</i> Law 13/78 of August 26, 1978	Tax on the profits of oil companies.	Enterprises operating under risk contracts may deduct from the tax calculation base, as investment cost, up to 50 percent of the oil produced. Production tax (1.2.3.1) and transactions tax (1.2.3.3) paid are also deductible from the calculation base.	(In percent) Basic rate 50.00 Surtax <u>15.75</u> Total 65.75
1.2.3.3 Oil transactions tax <i>(Imposto de transações sobre o petróleo)</i> Decree 5/85 of March 28, 1985; Decree 29/86 of December 30, 1986	Tax on gross profit, adjusted for tax incentives, arising from production in the province of Cabinda under joint production arrangements with SONANGOL.	<i>Tax incentives:</i> the tax base is reduced by a production incentive (in practice, adjusted to production costs) and an investment incentive (a fraction of the historic investment costs).	70 percent.
2. Social security contributions Law 18/90 of October 27, 1990; Decree 27/91 of July 5, 1991; Decree 7/99 of May 28, 1999	Contribution to social security intended to guarantee the physical subsistence of citizens unable or with diminished capacity to work, and that of their surviving family members upon their death.		Employer share: 8 percent of wages Employee share: 3 percent of wages.
3. Taxes on goods and services			
3.1 Sales tax	There is no sales tax.		
3.2 Excise tax <i>(Imposto de consumo)</i> Decree 24/89 of May 27, 1989, amended by Decrees 70/91 of November 15, 1991, 20-M/92 of May 15, 1992, and 13/93 of April 14, 1993	A set of specific and ad valorem taxes on the production and importation of specified goods, such as beer, liquefied gas, industrial alcohol, jewelry, household durable goods, beverages, electronics, automobiles.		5-30 percent.

Angola: Summary of Tax System as of May 31, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates
<p>3.2.1 Excise tax – new regulation (<i>Imposto de consumo – Novo Regulamento</i>) Government authorized by legislature: Resolution 6/96 (D.R. 21 of May 24, 1996); Decree 75/97 of October 24, 1997 – new excise tax table; Law 9/99 of October 1, 1999; Decree 41/99 of December 10, 1999</p>	<p>Levied on the following:                      (a) the production and importation of goods, including raw materials and semifinished products to be used in production, regardless of their origin;                      (b) auctions or sales carried out by customs and other public services;                      (c) the use of goods or raw materials other than in the production process and which benefited from tax exemption; and                      (d) telecommunications, hotel and similar services, consumption of water and electricity.</p> <p>Goods produced in Angola are defined as those which are produced or manufactured in the country or those whose production process was completed in the national territory.</p>	<p><i>Exemptions:</i>                      (a) goods exported by the producer or by legally recognized entities established for this purpose; and                      (b) goods manufactured as a result of activities performed through artisanal processes.</p> <p><i>Not subject:</i>                      (a) unprocessed agricultural and livestock products;                      (b) forestry primary products;                      (c) unprocessed fishing products; and                      (d) unprocessed mineral products.</p>	<p>(In percent)                      General rate                      Schedule I 10                      Surcharges 20 and 30                      Schedule II                      Subsidized rates 2 and 5</p>
<p>4. Taxes on international transactions</p>			
<p>4.1 Import duties                      Decree 13/99 of September 3, 1999</p>	<p>A tariff code with an average ad valorem rate of about 12 percent; some specific rates.</p>	<p><i>Exempt:</i> non-commercial imports of merchandises listed in Table III of Decree 13/99.</p>	<p>Eight ad valorem rates between 2 and 35 percent depending on the merchandise.</p>
<p>4.2 Export duties                      Decree 13/99 of September 3, 1999</p>	<p>Various specific and ad valorem taxes on exported goods.</p>	<p><i>Exempt:</i> non-commercial imports of merchandises listed in Table VIII of Decree 13/99.</p>	<p>1 percent and 2 percent, depending on the merchandise.</p>
<p>4.3 Customs service fee (<i>Taxa de serviço aduaneiro</i>)</p>	<p>A flat fee levied on imports.</p>		<p>5 percent.</p>

Angola: Summary of Tax System as of May 31, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates									
5. Other taxes												
5.1 Urban real estate tax ( <i>Imposto Predial Urbano</i> ) Legislative Instrument 4044 of October 13, 1970	Tax on urban real estate. The calculation base is the actual or potential rental value, and the person chargeable to tax is the person entitled to the rent.	<i>Exempt:</i> buildings (a) occupied by a taxpayer subject to the industrial tax (see 2.2) and paying no rent; (b) used as housing by the owner, if the rent does not exceed a specified limit; (c) made available free of charge to public services, charitable institutions, schools, museums, and the like; (d) used solely as places of worship; (e) belonging to embassies and consulates, on a reciprocity basis; and (f) belonging to nonprofit professional and economic organizations. <i>Tax incentive:</i> new housing construction may qualify for exemption for a period of 5-15 years, depending on housing policy priorities.	30 percent of the actual or potential annual rental value.									
5.2 Gift and inheritance tax ( <i>Imposto sobre as sucessões e doações</i> ) Legislative Instrument 230 of July 18, 1931, amended by Law 15/92 of July 3, 1992	A progressive tax on unrequited transfers and on inheritance of money, government securities, corporate shares, corporate and bank credit instruments, and any movable or immovable property, as well as housing or water rights, perpetual easements, and unrequited waiver of annuities.	<i>Exempt:</i> acquisitions by the government, municipal services, charitable institutions, museums, libraries, schools. Also exempt are acquisitions of literary and artistic property and pensions, as well as gifts not exceeding 2 UCFs to descendants, ascendants, or spouses.	Schedule of tax rates (in percent): <table border="1" data-bbox="1377 967 1965 1162"> <thead> <tr> <th></th> <th>Up to 11 UCFs</th> <th>Above 11 UCFs</th> </tr> </thead> <tbody> <tr> <td>Between spouses; to descendants or ascendants</td> <td>10</td> <td>15</td> </tr> <tr> <td>Between any other persons</td> <td>20</td> <td>30</td> </tr> </tbody> </table> Calculation: these rates are applied as average rates up to the ceiling of the lower bracket and as marginal rates above said ceiling.		Up to 11 UCFs	Above 11 UCFs	Between spouses; to descendants or ascendants	10	15	Between any other persons	20	30
	Up to 11 UCFs	Above 11 UCFs										
Between spouses; to descendants or ascendants	10	15										
Between any other persons	20	30										
5.3 Real estate transfer tax ( <i>Sisa sobre a transmissão de imobiliários por título oneroso</i> ) Law 230 of July 18, 1931, amended by Law 15/92 of July 3, 1992	A tax on transfers of real property through sale, barter, lapse of rights, etc. (gifts are subject to the gift and inheritance tax; see 5.2), and of assets, inheritance rights, long-term leases (20 years or more), water rights, exploration rights, or perpetual easements.	<i>Exempt:</i> acquisitions by the government, municipal services, and charitable institutions, certain court-ordered transfers, eminent domain expropriation, and housing sold by the Government Employees Provident Fund ( <i>Cofre da Previdência dos Funcionários Públicos</i> ).	10 percent of the amount of the transfer.									

Angola: Summary of Tax System as of May 31, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates																												
<p>5.4 Stamp tax (<i>Imposto do selo</i>) Decree-Law 1647/45 of May 29, 1945; Decree 7/89 of April 15, 1989; Executive Decree 34/95 of July 21, 1995; Law 4/96 of April 12, 1996 on banking operations and Executive Decree 85/99 of June 11, 1999; Decree 31/99 of October 15, 1999; Decree 49/99 of December 3, 1999 – new wording</p>	<p>A tax on documents and operations listed in the stamp tax general schedule.</p>	<p><i>Exempt:</i> verbal contracts.</p>	<p>Sample rates:</p> <table border="0"> <tr><td>Receipts</td><td>1.0 percent</td></tr> <tr><td>Capital increases</td><td>0.5 percent</td></tr> <tr><td>Housing leases</td><td>0.7 percent of agreed rent</td></tr> <tr><td>Commercial leases</td><td>0.7 percent of agreed rent</td></tr> <tr><td>Sales contracts</td><td>0.5 percent</td></tr> <tr><td>Acknowledgment of debt</td><td>3.0 percent; 100/page</td></tr> <tr><td>Liquidation of Companies</td><td>0.5 percent</td></tr> <tr><td>Bank draft</td><td>0.5 percent</td></tr> <tr><td>Gifts</td><td>0.4 percent</td></tr> <tr><td>Loan guarantees</td><td>0.3 percent</td></tr> <tr><td>Dividends</td><td>1.0 percent</td></tr> <tr><td>Postal money orders</td><td></td></tr> <tr><td>Up to Kz 80</td><td>0.5 percent</td></tr> <tr><td>Above Kz 80</td><td>0.4 percent</td></tr> </table>	Receipts	1.0 percent	Capital increases	0.5 percent	Housing leases	0.7 percent of agreed rent	Commercial leases	0.7 percent of agreed rent	Sales contracts	0.5 percent	Acknowledgment of debt	3.0 percent; 100/page	Liquidation of Companies	0.5 percent	Bank draft	0.5 percent	Gifts	0.4 percent	Loan guarantees	0.3 percent	Dividends	1.0 percent	Postal money orders		Up to Kz 80	0.5 percent	Above Kz 80	0.4 percent
Receipts	1.0 percent																														
Capital increases	0.5 percent																														
Housing leases	0.7 percent of agreed rent																														
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Gifts	0.4 percent																														
Loan guarantees	0.3 percent																														
Dividends	1.0 percent																														
Postal money orders																															
Up to Kz 80	0.5 percent																														
Above Kz 80	0.4 percent																														
	<p><i>Banking operations:</i> (a) foreign drafts, gold certificates (<i>guias ouro</i>) issued and public funds or negotiable securities sold; (b) foreign banknotes and coins, traveler's checks and checks in foreign currency payable to individuals; (c) interest charged by banking institutions, specifically by discounting treasury bills and notes for loans, for credit accounts being liquidated, and all late payment interest, premiums, and interest on acceptances, bills receivable on behalf of others, domestic drafts issued, or any other transfers, and generally all commissions charged.</p>	<p><i>Exempt:</i> banking operations between banking institutions, between exchange houses, or between the latter and the former; however, when bills of exchange are used for payment abroad, they will be exempted only when they pertain exclusively to transactions carried out by banking institutions. However, sales of foreign banknotes and coins by exchange dealers to banks and banking houses, as well as sales of gold bars carried out through the same banks and banking houses, will be subject to the stamp tax referred to in this article, as they are considered analogous to the operations indicated in numerals I and II.</p>	<p>(a) 1.5 per mil of the amount involved. (b) 0.5 percent of the amount involved. (c) 1 percent of the amount involved.</p>																												
<p>5.4.1 Motor Vehicle circulation tax (<i>Taxa de Circulação</i>) Executive Decree 43/97 of October 10, 1997; Executive Decree 39/99 of January 27, 1999; Executive Decree 2/00 of January 14, 2000</p>	<p>Levied on all motor vehicles in the country or which may enter traffic in the country in future.</p>	<p><i>Exempt:</i> vehicles belonging to government departments, administrative bodies, and economic coordination agencies. Vehicles belonging to foundations and associations in the public interest, as well as others exempted from the payment of any taxes by special legislation. Vehicles with canceled registration.</p>	<table border="0"> <tr><td colspan="2"><i>Motorcycles</i></td><td>(In kwanzas)</td></tr> <tr><td>Up to 125 cc engine capacity</td><td></td><td>25</td></tr> <tr><td>Over 125 cc engine capacity</td><td></td><td>30</td></tr> <tr><td colspan="2"><i>Light automobiles</i></td><td></td></tr> <tr><td>Up to 1,500 cc engine capacity</td><td></td><td>60</td></tr> <tr><td>Over 1,500 cc up to 1,800cc</td><td></td><td>90</td></tr> <tr><td>Over 1,800 cc engine capacity</td><td></td><td>120</td></tr> </table>	<i>Motorcycles</i>		(In kwanzas)	Up to 125 cc engine capacity		25	Over 125 cc engine capacity		30	<i>Light automobiles</i>			Up to 1,500 cc engine capacity		60	Over 1,500 cc up to 1,800cc		90	Over 1,800 cc engine capacity		120							
<i>Motorcycles</i>		(In kwanzas)																													
Up to 125 cc engine capacity		25																													
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Up to 1,500 cc engine capacity		60																													
Over 1,500 cc up to 1,800cc		90																													
Over 1,800 cc engine capacity		120																													

Angola: Summary of Tax System as of May 31, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates	
			<i>Heavy automobiles</i>	
			Up to 10,000 kg tare weight	150
			Over 10,000 kg tare weight	205
II. Provincial governments	There are no provincial taxes.			
III. Municipalities	There are no municipal taxes.			

Source: Angolan authorities.

"Fiscal correction Units" (UCFs)—through which taxable values are periodically indexed. On May 31, 2000, 1 UCF=5 Kz (Executive Decree 01/00 of January 7, 2000).

Table 7. Angola: Gross Domestic Product by Sector of Activity, 1995-99

	1995	1996	1997	1998	1999
(In billions of Kwanzas)					
Agriculture, forestry, and fishing	0.001	0.059	0.158	0.330	1.076
Mining	0.008	0.512	0.918	1.093	10.968
Oil and Liquefied petroleum gas	0.008	0.484	0.842	0.956	9.603
Diamonds	0.000	0.028	0.076	0.137	1.365
Manufacturing	0.001	0.029	0.077	0.160	0.554
Electricity and water	0.000	0.000	0.001	0.002	0.006
Construction	0.000	0.026	0.071	0.156	0.529
Trade and commerce	0.002	0.125	0.283	0.489	1.370
Nontradable services	0.001	0.069	0.206	0.267	1.102
Import duties	0.000	0.016	0.041	0.035	0.037
GDP at current market prices	0.014	0.835	1.755	2.533	15.644
(Real growth rates in percent)					
Agriculture, forestry, and fishing	21.9	14.7	10.2	5.2	1.0
Mining	11.9	10.0	4.6	3.8	4.3
Oil and LPG 1/	12.0	10.4	4.7	3.5	4.1
Diamonds	7.9	2.1	3.5	7.0	5.9
Manufacturing	-11.4	2.6	9.3	4.9	7.1
Electricity and water	10.1	0.1	9.5	14.3	1.3
Construction	10.0	7.0	13.0	10.0	5.0
Trade and commerce	7.2	3.8	9.4	5.0	4.4
Nontradable services	15.0	20.0	5.5	0.0	-7.5
Import duties	-10.0	35.0	5.0	-30.0	-10.0
GDP at current market prices	10.3	10.0	6.2	3.2	2.7
Non-oil GDP at current market prices	8.1	9.4	8.4	2.9	1.8

Sources: Angolan authorities; and staff calculations.

Table 8. Angola: Composition of Aggregate Expenditure, 1995-99

	1995	1996	1997	1998	1999
(In billions of Kwanzas)					
GDP at current market prices	0.014	0.835	1.755	2.533	15.644
Consumption	0.011	0.639	1.037	1.710	7.300
Private	0.005	0.298	0.303	0.902	1.122
Public	0.006	0.342	0.734	0.808	6.179
Gross investment	0.004	0.222	0.444	0.609	5.059
Private	0.003	0.181	0.364	0.575	4.409
Public	0.001	0.041	0.080	0.035	0.650
Change in stocks	-0.003	-0.269	...	...	...
Net exports	0.002	0.243	0.275	0.214	3.285
Exports 1/	0.010	0.698	1.195	1.440	15.258
Imports 1/	-0.008	-0.455	-0.920	-1.226	-11.973
Gross domestic saving	0.003	0.196	0.719	0.823	8.344
(In percent of GDP)					
Consumption	81.5	76.5	59.1	67.5	46.7
Private	36.8	35.6	17.2	35.6	7.2
Public	44.7	40.9	41.8	31.9	39.5
Gross investment	28.1	26.6	25.3	24.1	32.3
Private	21.1	21.7	20.7	22.7	28.2
Public	7.0	4.9	4.5	1.4	4.2
Change in stocks	-25.1	-32.2	...	...	...
Net exports	15.6	29.1	15.7	8.4	21.0
Exports 1/	76.1	83.5	68.1	56.8	97.5
Imports 1/	-60.5	-54.5	-52.4	-48.4	-76.5
Gross domestic saving	18.5	23.5	40.9	32.5	53.3

Sources: Ministry of Planning; and staff estimates.

1/ Goods and nonfactor services.



Table 9. Angola: Output of Selected Manufactured Products, 1995-99  
(In metric tons, unless otherwise specified)

	1995	1996	1997	1998	1999
<b>Food, beverages, and tobacco</b>					
Dry fish	2,669	7,926	8,097	6,396	6,490
Frozen fish	22,841	12,211	27,222	56,844	57,687
Canned fish	2,644	363	1,166	936	950
Edible oil	13	21	37	...	...
Wheat flour	9,367	27,408	51,957	45,994	57,493
Maize flour	30,320	92,829	134,099	113,549	...
Yam flour	86,606	...	259,963	259,963	...
Bread	56,315	34,931	150,099	70,008	87,517
Pasta	559	629	540	129	163
Salt	2,435	2,739	2,587	6,242	7,803
Beer (in thousands of liters)	27,983	79,742	115,047	128,754	160,942
Other alcoholic beverages (in thousands of liters)	8,134	7,961	16,235	12,461	12,195
Nonalcoholic beverages (in thousands of liters)	1,300	1,565	3,378	3,300	4,125
Tobacco	103	697	577	324	748
<b>Textiles, clothing, and leather</b>					
Fabric (in thousands of square meters)	1,722	2,569	3,264	252	316
Clothing and accessories	17	14	13	14	18
Leather shoes	3	23	186	20	25
<b>Chemicals and plastics</b>					
Paints	89	212	3,074	858	1,073
Soap	386	4,825	10,672	6,852	8,565
Plastic containers	133	164	1,027	8	10
Gasoline	117,927	111,367	114,647	101,695	128,113
Diesel	469,855	462,816	466,336	485,691	493,019
Kerosene	22,305	17,181	19,743	28,311	30,394
Butane gas	32,536	32,726	32,631	28,521	30,483
Asphalt	9,404	7,796	8,600	5,407	6,074
Fuel oil	664,957	696,197	680,577	591,073	646,819
Fuel, extra heavy	47,524	44,638	46,081	53,035	51,980
Jet fuel	283,016	301,555	292,286	284,992	338,465
Oils and lubricants	13,500	13,500	13,500	8,892	9,313
<b>Construction material</b>					
Zinc sheet	220	932	829	602	753
Cement	268,000	170,000	219,000	...	...
<b>Electric products</b>					
Electric cables	14	32	65	44	55
Batteries	1,160	2,796	3,696	2,228	2,785

Source: Ministry of Planning.

Table 10. Angola: Oil Production and Reserves by Oil Field, 1995-99

	1995	1996	1997	1998	1999
(In thousands of barrels per day)					
Total production	617	681	713	739	764
Cabinda	373	398	403	421	473
Block 1	3	2	2	1	1
Block 2	59	95	104	98	84
Block 3	175	172	182	193	174
Block 4	5	6	5	8	13
Block 14	0	0	0	0	1
Block 17	0	0	0	0	0
Congo	0	7	16	16	18
Kwanza	2	1	1	1	0
(In millions of barrels, unless otherwise specified)					
Total production 1/	3,193	3,445	3,705	3,976	4,253
Cabinda	2,207	2,355	2,502	2,656	2,829
Block 1	3	3	4	4	5
Block 2	163	198	236	272	302
Block 3	500	563	629	699	762
Block 4	4	6	8	11	16
Congo FST	224	226	232	238	244
Congo FS	5	5	6	6	6
Kwanza	88	88	89	89	89
New discoveries 2/	90	812	2,700	3,200	1,571
Proven reserves 1/ 3/	2,491	2,569	3,329	3,424	3,157
(In years of production)					
Reserves-production ratio (in percent)	11	10	13	13	11

Source: Ministry of Petroleum.

1/ At year's end.

2/ Includes reserves not yet developed. For 1996, the estimate reflects the Girasol 1 discovery in Block 17 of 700 million barrels.

3/ Reserves already developed and ready for production.

Table 11. Angola: Oil Balance, 1995-99

	1995	1996	1997	1998	1999
	(In millions of barrels)				
Crude oil					
Production	225.0	248.6	260.3	269.5	278.9
Domestic refinery	14.3	14.5	15.5	13.0	14.1
Exports 1/	206.4	231.7	242.8	250.8	264.9
Net change in stocks 2/	4.3	2.4	1.9	5.7	-0.2
	(In thousands of metric tons)				
Derivatives					
Supply	1,817	1,815	1,815	1,818	1,956
Domestic production	1,760	1,776	1,776	1,705	1,860
Imports	57	39	39	113	96
Uses	1,817	1,815	1,815	1,818	1,956
Domestic sales	1,070	932	932	950	1,003
Diesel (gas oil)	400	397	397	360	395
Gasoline	145	118	118	105	117
Fuel oil	75	55	55	63	54
Jet fuels	304	249	249	300	314
Kerosene	66	50	50	51	53
Gas (liquefied petroleum gas)	57	50	50	57	54
Other	23	15	15	14	16
Exports 3/	727	784	784	889	832
Net change in stocks	20	99	99	-21	121

Sources: Ministry of Petroleum; Sonangol (state oil company); National Bank of Angola; and staff estimates.

1/ As reported in balance of payments. Other sources differ slightly.

2/ Includes pipeline losses and field consumption, as well as any discrepancies.

3/ As reported in balance of payments; excludes natural gas liquids.

Table 12. Angola: Mining Production, 1995-99

	1995	1996	1997	1998	1999
	(In units indicated)				
Crude oil					
In millions of barrels	225	249	260	270	279
In thousand barrels per day	617	681	713	739	764
Liquefied petroleum gas					
In thousands of barrels	1,616	1,616	1,643	1,292	1,292
Diamonds (recorded exports) 1/					
In thousands of carats	628	917	1,212	2,765	4,096
	(Annual percentage change)				
Crude oil 2/	12.0	10.5	4.7	3.6	3.4
Liquefied petroleum gas	9.1	0.0	1.7	-21.4	0.0
Diamonds (recorded exports) 1/	17.1	46.1	32.1	128.2	48.1

Sources: Ministry of Petroleum; Endiama; and staff estimates.

1/ Exports through Endiama and, from 1995, Endiama-licensed dealers (informal market).

2/ On the basis of millions of barrels per year.

Table 13. Angola: Prices of Petroleum Products, 1995-2000  
(End-of-period data)

	1995	1996	1997	1998	1999	2000 Mar. 1/
(Kwanzas per liter, unless stated otherwise)						
Gasoline	0.002	0.110	0.110	0.195	0.259	4.00
Kerosene	0.001	0.024	0.024	0.110	0.130	2.00
Diesel (gas oil)	0.001	0.050	0.050	0.100	0.132	2.00
Fuel oil (light) 2/	0.001	0.035	0.035	0.072	0.092	1.61
Fuel oil (heavy) 2/	0.001	0.024	0.024	0.050	0.066	1.08
Liquefied petroleum gas	0.001	0.040	0.040	0.290	0.373	4.00
(Percentage change over previous year)						
Gasoline	...	5,782	0	77	33	1,444
Kerosene	...	3,329	0	358	18	1,438
Diesel (gas oil)	...	4,925	0	100	32	1,415
Fuel oil (light)	...	4,567	0	106	28	1,650
Fuel oil (heavy)	...	4,700	0	108	32	1,536
Liquefied petroleum gas	...	3,037	0	625	29	972

Sources: Ministry of Finance; and staff estimates.

1/ Percentage changes are with respect to end-1999 prices.

2/ Kwanzas per kilogram.

Table 14. Angola: Consumer Price Index in Luanda, December 1995- March 2000

	Weights (In percent)	1995 Dec.	1996 Dec.	1997 Dec.	1998 Dec.	1999 Dec.	2000 Mar.
(Index, 1994=100)							
Food	74.0	10,425	170,984	318,800	687,938	3,551,169	4,810,856
Clothing and footwear	5.5	19,152	307,789	420,563	1,250,460	5,808,275	7,477,246
Housing, energy, and utilities	5.5	10,295	257,809	4,572,243	5,647,634	12,901,550	21,196,857
Furniture and appliances	4.7	16,229	237,129	451,256	1,368,255	7,777,730	9,874,585
Health	1.8	16,634	307,128	562,167	1,027,641	42,606,496	5,426,194
Transport and communications	3.9	11,988	557,062	1,162,421	2,069,459	19,111,376	29,117,842
Education	2.7	17,530	490,898	795,304	1,518,474	62,159,275	8,428,319
Other goods and services	1.9	10,369	222,540	402,797	815,584	3,919,888	5,065,342
Total	100.0	11,644	203,779	504,843	1,185,134	5,083,923	7,139,110
(Percent change, year-on-year)							
Food		3,349	1,540	86	116	416	479
Clothing and footwear		6,415	1,505	37	197	364	384
Housing, energy, and utilities		3,142	2,404	1,674	24	128	144
Furniture and appliances		5,562	1,361	90	203	468	520
Health		8,150	1,746	83	83	315	357
Transport and communications		2,947	4,547	109	78	824	1078
Education		6,169	2,700	62	91	309	316
Other goods and services		3,441	2,046	81	102	381	436
Total		3,783	1,650	148	135	329	356

Source: National Institute of Statistics.

Table 15. Angola: Exchange Rates, December 1995- May 2000 1/  
(Kwanzas per U.S. dollar, unless otherwise indicated)

	Reference Rate <sup>1/</sup>	Monthly Percentage Change	Parallel Market Rate <sup>1/</sup>	Monthly Percentage Change	Parallel Market Premium (In percent)
1995					
December	0.006	0.0	0.021	22.3	276.0
1996					
December	0.202	0.0	0.241	4.8	19.5
1997					
December	0.262	0.0	0.390	7.2	48.7
1998					
December	0.617	0.4	1.019	12.4	65.1
1999					
January	0.697	12.9	1.300	27.6	86.7
February	0.697	0.0	1.345	3.4	93.1
March	0.697	0.0	1.411	4.9	102.6
April	0.697	0.0	1.621	14.9	132.8
May	1.015	45.7	1.940	19.7	91.2
June	2.121	108.9	2.165	11.6	2.1
July	2.521	18.9	2.724	25.8	8.1
August	3.253	29.0	3.527	29.5	8.4
September	5.357	64.7	5.320	50.8	-0.7
October	5.553	3.7	5.293	-0.5	-4.7
November	5.374	-3.2	5.611	6.0	4.4
December	5.509	2.5	5.624	0.2	2.1
2000					
January	5.773	4.8	5.985	6.4	3.7
February	5.898	2.2	5.905	-1.3	0.1
March	5.907	0.2	5.908	0.1	0.0
April	6.280	6.3	6.328	7.1	0.8
May	7.416	18.1	7.905	24.9	6.6

Source: National Bank of Angola.

1/ Monthly averages of buying-and-selling daily average exchange rates.

Table 16. Angola: Foreign Exchange Reserves, 1995-99  
(In millions of U.S. dollars, unless otherwise specified; end of period)

	1995	1996	1997	1998	1999
Net foreign assets (banking system)	-1,328	472	301	237	788
National Bank of Angola	-1,521	209	64	-241	303
National Bank of Angola (net international reserves) 1/	-1,235	271	87	-230	304
Foreign assets	366	556	390	200	480
Gross reserves	223	549	390	200	480
Gold	13	0	0	0	0
Sight deposits	99	194	112	139	436
Time deposits	112	354	279	61	43
Medium and long-term assets	142	0	0	0	0
Foreign liabilities (-)	-1,886	-346	-327	-441	-177
Short-term 2/	-1,601	-284	-304	-430	-176
Medium and long-term	-286	-62	-23	-11	-1
Commercial banks (net)	193	263	237	478	485
Foreign assets	262	521	825	675	643
Foreign liabilities (-)	-69	-258	-588	-197	-158
Memorandum items:					
National Bank of Angola					
Change in net international reserves	-624	1,506	-185	-317	534
Change in gross reserves	35	326	-158	-190	280
Import coverage of gross reserves 3/	1.0	1.3	1.0	0.4	0.9

Source: National Bank of Angola.

1/ Excludes medium-and long-term assets and liabilities.

2/ At end-1995, US\$1,184 million of short-term debt was rescheduled and subsequently recorded as government debt.

3/ In months of following year's imports of goods and services.



Table 17. Angola: Composition of Merchandise Trade by Country, 1995-99

	1995	1996	1997	1998	1999
Exports	(Percent of total exports)				
Brazil	1.2	3.1	0.9	0.6	0.8
Canada	0.3	2.7	0.0	0.3	0.0
China, People's Republic of	3.8	5.0	13.2	4.0	8.2
France	2.4	2.9	3.9	2.9	2.1
Germany	7.0	3.1	0.7	1.7	2.4
Italy	3.2	3.9	0.4	1.4	1.4
Portugal	0.4	0.3	1.0	0.6	0.5
Spain	3.3	4.2	1.9	0.8	0.6
Taiwan Province of China	2.6	6.1	1.7	8.2	7.7
United States	65.9	58.0	64.9	63.8	59.5
Rest of the world	10.0	10.7	11.5	15.6	16.8
Total	100.0	100.0	100.0	100.0	100.0
Imports	(Percent of total imports)				
Brazil	1.2	1.9	4.0	6.0	5.1
China, People's Republic of	1.3	1.5	1.4	1.8	1.3
France	22.7	8.3	5.8	5.8	8.2
Germany	1.7	1.7	2.3	2.4	1.7
Italy	2.5	3.1	2.7	3.7	4.5
Netherlands	3.6	3.4	4.6	5.1	3.6
Portugal	20.4	21.5	22.4	20.3	18.8
South Africa	8.0	18.7	9.2	9.7	11.9
Spain	3.5	5.0	8.5	4.9	5.9
United Kingdom	2.9	3.9	6.4	3.4	6.2
United States	15.4	14.5	13.6	17.6	14.6
Rest of the world	16.7	16.4	19.3	19.3	18.3
Total	100.0	100.0	100.0	100.0	100.0

Source: IMF, *Direction of Trade Statistics* (based on partner-country data).

Table 18. Angola: Composition of Exports by Commodity, 1995-99  
(Value in millions of U.S. dollars; volume and price as indicated)

	1995	1996	1997	1998	1999
Total exports, value	3,723	5,169	5,007	3,543	5,344
Crude oil, value	3,425	4,724	4,506	3,018	4,609
Volume (millions of barrels)	206	232	243	251	265
Price (U.S. dollars per barrel)	17	20	19	12	17
Refined petroleum products, value	78	105	101	62	75
Volume (thousands of metric tons)	727	784	833	666	717
Price (U.S. dollars per metric ton)	107	133	121	93	105
Gas, value	18	26	22	11	10
Volume (thousands of barrels)	1,512	1,633	1,543	1,094	710
Price (U.S. dollars per barrel)	12	16	15	10	14
Diamonds, value	168	267	348	432	629
Volume (thousands of carats)	628	917	1,212	2,764	3,806
Price (U.S. dollars per carat)	268	291	287	156	165
Coffee, value	5.8	4.5	4.6	3.3	5.0
Volume (thousands of metric tons)	2,434	2,894	3,039	2,017	4,483
Price (U.S. dollars per metric ton)	2,367	1,546	1,506	1,641	1,329
Other (millions of U.S. dollars)	27	43	25	17	15

Sources: National Bank of Angola; and staff estimates.

Table 19. Angola: Interest Rates, 1995-2000  
(In percent per annum)

	1995 Dec.	1996 1/ Dec.	1997 Dec.	1998				1999			2000	
				Mar.	Jun.	Sep	Dec.	Mar.	Jun.	Sep	Dec.	Mar.
	Minimum/maximum rates 2/							Average of representative rates 3/				
Demand deposits	0	0	10	10	10	10	10	10	10	10	10	10
Time deposits (days' maturities)												
30-90	240	1	35	35	38	38	38	38	38	33	36	...
91-180	244	1	40	40	40	40	40	40	39	43	55	55
181-364	248	1	45	45	45	45	45	45	39	44	...	...
365 +	253	1	45	45	48	48	48	48	39	44	...	...
Lending rates (days' maturities)												
30-90	380	1	20-45	20-45	45	50	50	50	...	...	...	...
91-180	385	2	20-45	20-45	45	50	50	50	...	...	...	...
181-364	390	...	45-55	45-55	50	55	55	55	...	...	...	...
365 +	395	...	45-55	45-55	55	58	58	58	...	...	...	...
Secured loans (up to 180 days)	...	...	...	...	...	...	...	...	75.7	104.0	105.3	...
Loans to public enterprises (180 days)	...	...	...	...	...	...	...	...	69.8	113.8	118.3	...
Loans to private individuals (180 days)	...	...	...	...	...	...	...	...	68.8	93.8	96.3	96.0
Commercial discounts (180 days)	...	...	...	...	...	...	...	...	86.3	110.0	120.0	...
Discount rate	153	2	48	48	48	58	58	58	120	120	120	120
Excess reserves	...	...	12	12	12	12	12	12	...	...	...	...
Central bank bills (1-month)	...	...	...	...	...	...	...	...	63.3	72.5	80.4	82.5
Central bank bills (63 days)	...	...	...	...	...	...	...	...	...	70.0	70.0	83.5

Source: National Bank of Angola.

1/ During July 1996-February 1997, all rates were indexed to the exchange rate. The indexing system was abolished in March 1997, and all loans and deposits were then converted to the new rates.

2/ Between April 1998 and May 1999, lending rates were stipulated as ceilings, and deposit rates as floors.

3/ Interest rates were liberalized in May 1999, and banks have not been able to report these average rates on new deposits and credits.

Table 20. Angola: Government Expenditure by Function, 1995-99 1/

	1995	1996	1997	1998	1999
(In billions of kwanzas)					
Total expenditure and net lending	0.008	0.486	0.977	1.056	8.94
General public services	0.002	0.065	0.174	0.194	1.44
Defense and public order	0.002	0.163	0.391	0.288	3.67
<i>Of which: unrecorded</i>	0.004	0.128	0.178	0.146	0.00
Peace process	0.000	0.004	0.006	0.000	0.01
Social spending	0.001	0.045	0.131	0.124	0.84
<i>Of which: education</i>	0.000	0.022	0.048	0.066	0.43
health	0.000	0.014	0.031	0.035	0.25
Economic affairs and services	0.001	0.039	0.182	0.142	0.92
Interest (commitment basis)	0.001	0.097	0.098	0.175	0.96
Other (recorded but unclassified)	0.001	0.073	-0.005	0.133	1.10
(In percent of total)					
Total expenditure and net lending	100.0	100.0	100.0	100.0	100.0
General public services	19.2	13.3	17.8	18.3	16.1
Defense and public order	31.4	33.5	40.0	27.2	41.0
<i>Of which: unrecorded</i>	48.8	26.3	18.2	13.8	0.0
Peace process	0.5	0.8	0.6	0.0	0.1
Social spending	14.0	9.3	13.4	11.8	9.4
<i>Of which: education</i>	5.1	4.4	5.0	6.2	4.8
health	5.7	2.9	3.1	3.3	2.8
Economic affairs and services	6.6	8.1	18.7	13.4	10.3
Interest (commitment basis)	18.9	20.0	10.0	16.6	10.7
Other (recorded but unclassified)	9.4	15.0	-0.5	12.6	12.4
(In percent of GDP)					
Total expenditure and net lending	57.3	57.5	56.0	41.7	52.9
General public services	11.0	7.6	9.9	7.7	8.5
Defense and public order	18.0	19.2	22.4	11.4	21.7
<i>Of which: unrecorded</i>	28.0	15.1	10.2	5.8	0.0
Peace process	0.3	0.4	0.3	0.0	0.1
Social spending	8.0	5.4	7.5	4.9	4.9
<i>Of which: education</i>	2.9	2.5	2.8	2.6	2.5
health	3.3	1.6	1.8	1.4	1.5
Economic affairs and services	3.8	4.7	10.5	5.6	5.4
Interest (commitment basis)	10.8	11.5	5.6	6.9	5.7
Other (recorded but unclassified)	5.4	8.6	-0.3	5.3	6.5

Sources: Ministry of Finance; and staff estimates.

1/ Accounting data and budget estimates adjusted by staff estimates of unrecorded transactions.

Table 21. Angola: Population Statistics, 1995-99 1/

	1995	1996	1997	1998	1999
(In thousands)					
Population	11,559	11,895	12,240	12,595	12,960
Urban	4,970	5,114	5,273	5,436	5,604
Rural	6,589	6,781	6,967	7,159	7,356
(Change in percent)					
Population	2.9	2.9	2.9	2.9	2.9
Urban	3.1	2.9	3.1	3.1	3.1
Rural	2.6	2.9	2.8	2.8	2.8
(In percent of total)					
Age group					
0-19	...	...	59.6	58.0	58.0
20-44	...	...	31.0	29.5	29.5
45 +	...	...	9.4	12.5	12.5

Sources: National Institute of Statistics; and staff estimates.

1/ Population figures are projected from the 1970 census. In mid-1996, a nationwide survey yielded a population estimate of 15.3 million.

Table 22. Angola: Medium- and Long-Term External Debt, 1995-99 1/  
(In millions of U.S. dollars, unless otherwise indicated; end of period)

	1995	1996	1997	1998	1999
Debt outstanding	10,679	9,098	8,857	8,929	7,991
Western creditors	5,178	6,826	6,156	6,185	5,314
Eastern bloc creditors 2/	5,291	2,035	2,392	2,500	2,434
Multilaterals	209	236	242	180	243
Other creditors	...	...	67	64	...
Interest arrears	1,389	569	732	847	791
Western creditors	430	451	593	702	661
Eastern bloc creditors 2/	941	96	112	116	115
Multilaterals	18	21	26	29	15
Other creditors	...	...	1	...	...
Total debt, including interest arrears	12,068	9,666	9,589	9,776	8,782
Western creditors	5,608	7,277	6,750	6,887	6,004
Eastern bloc creditors 2/	6,232	2,131	2,504	2,617	2,549
Multilaterals	227	257	268	210	201
Other creditors	...	...	68	64	...
Memorandum items:					
Total debt as percent of GDP	256.1	152.6	124.7	151.6	156.7
Total debt as percent of exports 3/	358.3	194.1	183.1	266.7	160.6

Sources: National Bank of Angola; World Bank; and Fund staff estimates.

1/ Excludes a portion of the oil companies' debt because data were not available.

2/ Ruble-denominated debt valued at 1991 Gosbank rate of 0.605 rubles per U.S. dollar. Rescheduling with Russia in 1996 resulted in the elimination of ruble-denominated debt.

3/ Exports of goods and services.

Table 23. Angola: Public Sector External Debt Arrears, 1995-99  
(In millions of U.S. dollars; end of period)

	1995	1996	1997	1998	1999
Total	6,701	2,334	3,086	3,822	4,441
Medium- and long-term debt	5,641	2,051	2,704	3,198	3,749
Multilateral creditors	54	64	81	86	98
Bilateral creditors	5,022	1,358	1,638	1,895	2,351
Paris Club pre-cutoff	4,747	1,175	1,008	841	960
Official development assistance (OD.	54	59	56	52	62
Non-ODA 1/	4,693	1,115	952	789	898
Paris Club post-cutoff	134	75	535	843	1,042
ODA	12	16	20	23	56
Non-ODA	122	59	515	820	986
Other official bilateral creditors	141	109	95	211	349
Private creditors	565	628	985	1,217	1,300
Short-term debt	1,060	283	382	624	691

Sources: National Bank of Angola; World Bank; and Fund staff estimates.

1/ Ruble-denominated debt valued at 1991 Gosbank rate of 0.605 rubles per U.S. dollar. Rescheduling with Russia in 1996 resulted in the elimination of ruble-denominated debt.

Table 24. Angola: Main Products Subject to Fixed Prices and Marketing Margins, 1995-2000

	1995	1996	1997	1998	1999	2000 March
Fixed prices	(End of period; in kwanzas per typical units, except where indicated otherwise)					
Electricity	0.000	0.002	...	0.041	0.059	0.526
Gasoline	0.002	0.100	...	0.195	0.259	4.000
Diesel	0.001	0.050	...	0.100	0.132	2.000
Fuel oil	0.001	0.035	...	0.072	0.092	1.610
Gas	0.001	0.023	...	0.290	0.373	4.000
Bus transport	0.010	0.050	0.100	0.400	0.400	2.000
Rail transport	0.005	0.010	0.050	0.100	0.400	2.000
Telephone (local call in U.S. dollars)	0.036	0.080	0.080	0.090	0.100	0.110
Water	0.295	0.017	...	0.087	0.930	1.650
Housing rent	...	0.297	0.297	0.297	0.297	0.297
Mail service	...	1.056	...	...	...	...
Marketing margins (maximum) 1/	(In percent)					
Rice	n.a-10-24	15-10-20	25-25-25	25-25-25	25-25-25	25-25-25
Maize flour	n.a-9-17	20-10-15	25-25-25	25-25-25	25-25-25	25-25-25
Wheat flour	25-10-15	20-10-12	25-25-25	25-25-25	25-25-25	25-25-25
Cooking oil	25-10-17	20-10-15	25-25-25	25-25-25	25-25-25	25-25-25
Infant formula	25-10-15	20-10-12	25-25-25	25-25-25	25-25-25	25-25-25
Soap	25-15-24	20-10-19	25-25-25	25-25-25	25-25-25	25-25-25
Medicines	25-10-25	20-10-20	25-25-25	25-25-25	25-25-25	25-25-25
Cement	n.a-20-25	n.a.-15-15	25-25-25	25-25-25	25-25-25	25-25-25

Source: Ministry of Finance.

1/ The three figures in each column refer to margins at each stage of the production or distribution process (factory, wholesale, and retail).