



LIGHTING THE WAY

Oil output in Angola is being doubled in the next five years, ensuring a busy time for facilities such as this floating storage and offloading vessel in the Girassol oil field.

photograph by lori waselchuk/
south photographs



SHOWING FLARE

The uncapping of oil wells off the coast has stimulated business on the mainland as well.

photograph by lori waselchuk/
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OILING THE WHEELS OF PROGRESS

Angola is the place to be for businesses seeking new frontiers.
BY LUYTON DRIMAN

TRY GETTING A SEAT ON A FLIGHT from Johannesburg to Luanda at short notice – on either SAA or Angola’s national airline TAAG – and you’ll get an inkling of the business excitement being generated in Africa’s south-west. Angola’s popularity as a trading partner for South Africa has been growing for a few years now, but it’s no longer a local secret – fortune seekers from across the globe are heading there in droves.

The new El Dorado has been

awaiting discovery by modern man. It is blessed with very fertile soil, myriads of diamonds (close to the surface of the earth, or in rivers, easy to mine) and one of the richest deposits of oil on the African continent.

Naturally, much of the lure is related to the oil. Angola is increasing its daily output of oil by 50 percent – from a million barrels per day to 1.5 million – in the immediate future. The next target is to double output within the next five years. As a

first step, a large number of wells “capped” during the civil war, because they were too close to the shoreline, are being prepared for drilling.

The new oil boom will further stimulate an economy already showing clear signs of vibrancy following the doldrums of the civil war and its aftermath.

With a population of around 14 million people in such a geographically large country, there is plenty of space for new arrivals. New investors are

indeed welcome. But they’ll need to adapt to a sometimes-difficult bureaucratic climate. On the positive side, Angola’s form of affirmative action is less problematic than the South African model, with the basic rule being that staffing levels need to reflect at least a 30 percent local component, of which there may be varying levels of skills in the mix. The transfer of managerial skills and on-the-job training is a proviso at all levels.

But once the foreigners successfully negotiate the red tape involved in getting a new company registered, they add to an intriguing multicultural mix. The old Portuguese colonial culture blends with a new Angolan post-civil war attitude, a hint of Latin-American and a sprinkling of ex-pats of many colours to cook up Angola 2006.

Israelis were among the first waves of foreigners into the country, and much of the diamond mining business is now controlled and funded by them, in conjunction with De Beers. The Israelis are also getting involved in construction projects and in agricultural land management.

Before the civil war, Angola was one of the largest coffee producing countries in the world. The industry is now being revived and recently an international coffee broker friend managed to purchase some 18 tons from Angola. So, it sounds like a good start has been made after many years of zero production.

But the largest influx of people in recent years has been from China. These guys are

serious. There are an estimated 50 000 Chinese in the country at the moment and it is said that the figure will balloon to around two million within five years.

The Chinese are making huge investments into all areas of Angolan society and projects they are currently working on include construction of the new international airport in Luanda, refurbishment and re-construction of the railway line between Benguela and Lusaka in Zambia and, inevitably, new oil exploration projects in the north-east, near Cabinda province – where it is said they have found oil for the first time on the mainland.

South African construction firms anxious to catch a ride on the Angolan wave are encountering stiff competition from the

Chinese. The value of construction projects in Angola over the next five to ten years is estimated to be \$20-billion and much of this will be funded by the People’s Republic of China, with a current loan deal worth \$2-billion already in place. Nonetheless, South African companies like Group 5 and Murray & Roberts have undertaken large construction projects.

The sector where South Africans have recorded most success is food and beverage – as attested by the burgeoning presence of the Shoprite group. **M**

Luyton Driman has spent decades making money throughout the continent and is the author of Going the Extra Mile – a Guide to Trading in Africa. These days he books his flights to Luanda early.