

Angola:

New foreign exchange regime for the petroleum & gas sector

The foreign exchange ("FX") regime applicable to the petroleum industry in Angola has recently been significantly changed, by means of the Foreign Exchange Law for the Petroleum Sector (Law No. 2/12, of 13 January 2012), which came into force on May 12, 2012 (hereinafter the "FELPS"). Under the old regime, oil & gas companies were subject to a special FX regime, which was incorporated in an annex to the concession decrees governing each block. Under this special FX regime, foreign oil & gas companies were entitled to pay FX non-resident entities out of offshore bank accounts. Any payments to FX resident entities was already required to be made into bank accounts domiciled in Angola, unless a special authorization was obtained, but such payments could be made in foreign currency.

THE NEW REGIME

Under the FELPS, the special FX regimes granted to oil companies by the aforesaid annexes were revoked and oil & gas companies will be required to transfer into Angola the funds required to pay for all petroleum operations. Further, all FX operations related with the petroleum operations carried out in Angola will have to be processed through local banks. Any payments to FX residents and non-FX residents will have to be made out of bank accounts domiciled in Angola. In addition, payments for goods and services provided by FX resident contractors and service providers will have to be made in local currency (Kwanzas).

The FELPS was further regulated by the Angolan Central Bank (Banco Nacional de Angola – "BNA") Order 20/2012, which detailed the procedures, deadlines and mechanisms that must be adopted under the FELPS, and sets forth a schedule for their phased implementation. The BNA's Order entered into force on 12 May 2012.

BNA ORDER'S DEADLINES

The main newly enacted rules are the following:

- From 1 October 2012 onwards, oil companies (including operators) will be required to make all payments for goods and services supplied by FX residents out of bank accounts domiciled in Angola, whether in national or foreign currency.
- As of 1 July 2013, oil companies (including operators) will be required to make all payments for goods and services provided by FX residents in Kwanzas.
- From 1 October 2013 onwards, operator companies will have to make all payments for goods and services provided by FX non-residents out of bank accounts domiciled in Angola.
- Operators will have to submit to BNA on a quarterly basis a list of all agreements entered into with FX non-residents. It must indicate the name of all counterparties, the purpose of the agreements, the amounts involved, the currency used, the countries to which funds are to be paid, and the term of the agreements.
- For as long as payments in foreign currency to FX residents are permitted and take place, operators shall submit to BNA on a quarterly basis a list of all agreements entered into with FX residents. This list must include the information indicated above.
- The operator and the other associates shall also individually submit to BNA a budget forecasting the foreign exchange revenues and expenses for the



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coming year and statistical information.

- All FX operations whose date of entry into force is not expressly provided for in the BNA Order must be carried out before 1 October 2013.

FINAL REMARKS

This new FX regime aims at contributing for the development of the banking and finance sector in Angola in the medium and long term. However, it will certainly have a huge impact on the Angola economy in general and on the petroleum sector in particular. The success of the new regime will pretty much depend on the implementation and monitoring measures yet to be taken by the Angolan authorities, including those that will ensure currency availability and that Angolan banks will be prepared to face the new challenges.

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