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Angolan imports fell 25 percent in the second quarter of 2015

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Report Highlights:

Angolan importers are facing a lack of foreign currency for payment to foreign suppliers. To August this year, United States poultry exports to Angola fell by 47 percent, from US$150 million in 2014 to US$ 79 million in 2015. The shortage of foreign exchange is linked to the drop in the price of oil, with oil production accounting for about 70 percent of fiscal revenues and more than 90 percent of export earnings.

Lack of Foreign Currency Affecting Trade

Angolan imports fell by 25 percent in the second quarter of 2015, compared to the same period last year, according to figures from the National Freight Council (CNC). The decline in imports is linked to a shortage of foreign currency, which has hampered the ability of importers to make payments to their overseas suppliers.

A CNC report indicates that Angola imported 1.897 million tons of various products in the second quarter of 2015, compared to 2.534 million tons in the same period last year. Industrial inputs for cement production accounted for the bulk of imports to Angola, despite a reduction of 28 percent. Wheat flour and rice imports increased marginally, while the imports of meat and edible offal, including chickens, fell by 28 percent.

To August this year, United States poultry exports to Angola fell by 47 percent, from US$150 million in 2014 to US$ 79 million in 2015. United States exports of poultry to Angola reached a record of US$263 million in 2014, making the United States the number one supplier of poultry parts to Angola.

Despite government efforts to increase economic diversification through an increased focus on the mining, agricultural, and construction sectors, Angola's economy is still heavily dependent on oil exports for foreign currency earnings. The petroleum sector contributes almost 40 percent of gross domestic product (GDP), about 70 percent of government revenue, and more than 90 percent of export earnings. This dependence on petroleum makes Angola vulnerable to crude oil price fluctuations such as those observed in 2015. In addition to the impact of reduced oil revenue, the growth of the Angolan economy has also been hit by rising inflation and the devaluation of Angola's currency, the kwanza. The local currency dropped to a historical low in mid-July, losing 18 percent of its value since January. Government reports indicate that inflation rose by 9.6 percent in June, surpassing the 9 percent forecasts of the Angolan authorities for 2015.

The government of Angolan has enacted measures to mitigate the foreign currency shortage, including imposing restrictions on bank withdrawals and prioritizing the allocation of foreign currency for payments related to the oil sector and for first priority goods such as food and medicine. In addition, since the end of June authorities have required a ten percent "special contribution" for bank transfers to service non-resident technical assistance or management contracts (excluding salary payments).