

## New Local Content Law

A new Local Content Law (“LCL”) was published in Angola through Presidential Decree no. 271/20 of 20 October.

The new LCL repeals and replaces Order no. 127/03 of 25 November, which used to govern local content rules applicable to the acquisition of goods and services in the Angolan oil sector.

While maintaining the three separate regimes for the acquisition of goods and services (exclusivity, preferential and competition), the LCL introduces some relevant differences to the rules that were in effect.

We would highlight the following:

- i) Local content requirements shall apply not only to oil companies, acting as business partners of the National Concessionaire (ANPG), but also to any companies operating as service providers to the oil sector.
- ii) Unlike the 2003 local content regulations, the new LCL does not include the list of goods and services that comprise the exclusivity or preferential regimes. Such lists will be published by the ANPG upon consultation with the Competition Authority.
- iii) From now on, activities falling within the exclusivity regime must be carried out by companies that are 100% owned by Angolan nationals (individuals or companies), unlike to the previous regime under which such companies would only have to have a majority (>50%) Angolan holding.
- iv) A certification process is created for all companies (national and foreign) wishing to provide services or sell goods to the oil industry to be conducted by the ANPG.
- v) All companies in the oil sector value chain must:
  - Submit a Local Content Plan to the ANPG on annual basis;
  - Submit a Human Resources Development Plan to the Department in charge of the oil sector, also on an annual basis; and
  - Enter into a Framework Agreement governing human resources development with the Department in charge of the oil sector, within the timeframe set forth in the LCL (apparently revoking the Decree Law 17/09 which includes the legal regime of the Framework Agreement);
- vi) Regarding the acquisition of goods and services, operators must submit a list to the ANPG with the expected acquisitions for each quarter, as well as report all agreements entered into in the previous quarter.
- vii) All management and operation agreements entered into with foreign entities must foresee

detailed training programs, knowledge transfer, technology and improvement of skills of the national labour force and shall be overseen by the ANPG.

- viii) The LCL establishes penalties for breach of the rules with fines of up to USD 300,000.00 and ancillary sanctions including restriction or suspension of activity or restraint to entering into new agreements.

The LCL entered into force on 20 October 2020 and does not affect the validity or effectiveness of agreements entered prior to such date.

## CONTACTS

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