EU/Angola Sustainable Investment Facilitation Agreement

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PURPOSE: to conclude the Sustainable Investment Facilitation Agreement between the European Union and the Republic of Angola.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: the Republic of Angola is the seventh largest destination for EU investors on the African continent, accounting for 5.4% of the EU's stock of foreign direct investment (EUR 9.9 billion of FDI in 2020). The country is seeking to diversify its economic model, and to this end has made significant efforts in recent years to improve the investment climate for foreign and local investors. Angola is in the process of starting the negotiations to join the Economic Partnership Agreement (EPA) between the EU and the South African Development Community (SADC) EPA group. However, the EPA does not contain specific provisions on investment.

On 22 June 2021, the EU and Angola launched negotiations on a sustainable investment facilitation agreement. The negotiations between the EU and Angola were concluded on 18 November 2022, after four rounds.

CONTENT: the Commission proposes that the Council should approve, on behalf of the Union, the **sustainable investment facilitation agreement between the European Union and Angola**.

The overall objective of this Agreement is to facilitate the attraction and expansion of investment between the EU and Angola for the purpose of economic diversification and sustainable development.

The Agreement has four substantive chapters:

- predictability and transparency of investment-related measures, for example by requiring the publication of all investment laws and conditions and promoting the use of single information portals for investors;

- streamlining of authorisation procedures, through swift processing of applications and fostering e-government;

- focal points and involvement of stakeholders, in order to facilitate interactions between investors and the administration;

- investment and sustainable development, by incorporating the EU’s latest approach on ‘trade and sustainable development’ commitments and responsible business conduct.

Overall, it is expected that the Agreement will lead to improvements in the business climate in Angola, benefitting foreign and domestic firms alike. The Agreement also aims at attracting new investors to Angola, notably small and medium size enterprises, which have more difficulties in navigating through lengthy and complex procedures to invest abroad.

The Agreement:

- includes provisions aimed at enhancing linkages between foreign investors and domestic suppliers;

- integrates an important sustainable development dimension in the EU-Angola investment relationship, including commitments not to weaken environmental or labour laws and standards for the sake of attracting investment, and not to waive or derogate from those laws;

- includes commitments to effectively implement international labour and environmental agreements, including the Paris Agreement;

- requires the Parties to promote responsible business practices by investors and strengthens bilateral cooperation on investment-related aspects of climate change policies and gender equality policies;

- includes institutional provisions that lay down the structure for the implementing bodies to continuously monitor its implementation, operation and impact.