Standard Bank

AFRICA TRADE BAROMETER

Highlights of the current cross-border trade landscape in Angola

Angola

COUNTRY FOCUS

September 2023 | Issue 3

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EXECUTIVE SUMMARY

Being Africa's largest bank, Standard Bank has leveraged its presence and expertise across the continent to create the Standard Bank Africa Trade Barometer (SB ATB). The SB ATB was launched in 2022 with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade. Availability of trade data remains a challenge across Africa and the SB ATB aims to fill part of this data gap through up-to-date survey data on the views of African businesses on the environment they operate in, their trade behaviour, trading activities and their perceptions on trade.

This is Issue 3 of the SB ATB. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda and Zambia.

In order to construct the SB ATB index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance and economy and traders' financial behaviour. From a primary data perspective, the Standard Bank Firm Survey Trade Barometer (SB STB) is constructed. The SB STB scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with over 2,500 businesses across the 10 countries of interest. From a secondary research perspective, the Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed. The SB QTB scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources. **The SB ATB is an aggregate of the SB QTB and the SB STB.**

This is the country report for Angola. It contains analysis of the primary and secondary data gathered specifically for Angola between March and May 2023 and showcases trends and opportunities in trade within the country.

Angola has maintained position 10 in the overall SB ATB ranking for the third time in a row. Angola's macroeconomic conditions relative to the other nine countries have remained weak, resulting in the country maintaining position 10 in the SB QTB ranking for the third time in a row. However, in this iteration of the survey, Angola has moved up 5 positions in the SB STB, from position 6 in the previous iteration to position 1 in May 2023.

Angola significantly improved in the SB STB to claim position 1 from position 6 in September 2022, but has maintained position 10 in the overall SB ATB ranking.

The table below shows Angola's relative performance in the seven broad thematic categories of the SB ATB.

Port of Lobito, Angola. Source: portodolobito.co.ao

SB ATB ranking for Angola across seven thematic areas

Thematic category	Indicator	Ranking out of 10 countries
Macroeconomic Stability	Business Confidence 58 61	3 (unchanged)
Governance and Economy	Government Support on Trade 53 68	1 ↑ (+3)
Infrastructure	Quality of infrastructure 52 45	6 ↓ (-1)
	Infrastructure obstacles 49 56	5 ↑ (+3)
Access to Finance	Access to Credit 54 61	1 (unchanged)
Traders' Financial Behaviour	Credit Terms Extended to Clients 27 56	3 ↑ (+7)
	Credit Terms Advance from Suppliers 33 69	1 ↑ (+7)
Foreign Trade	Ease of Trade 53 50	1 (unchanged)
Trade Openness	Trade openness 43 55	5 ↑ (+5)

Sep'22 May'23

Note: All indicators have an index score ranging from 0 to 100, where 0 represents a low score and 100 the highest score.

Angola's overall macroeconomic conditions are relatively negative, thus having a negative impact on her tradability attractiveness. Variables that have a slightly impacted Angola's tradability attractiveness positively include recovering GDP and GDP growth from the worst of the pandemic, and high merchandise trade as a percentage of GDP driven by high exports which signal Angola is highly open to trade. However, Angola's macroeconomic environment has been subdued to high FDI outflows largely due to capital flight in the oil sector related to past investment.[1] This has negatively affected the country's tradability attractiveness. Other variables with a negative impact on trade include a depreciating Angolan Kwanza contributing to dwindling foreign currency reserves, making it difficult for businesses to trade to acquire foreign currency to pay for their imports. Relative to other SB ATB markets, Angola has high inflation accompanied by high lending interest rates which negatively affect business activity in the country.

Despite adverse macroeconomic conditions, business confidence among Angolan businesses is high relative to the other 9 markets in the SB ATB. Angola's business confidence index score increased from 58 in September 2022 to 61 in this iteration of the survey—which is above the average of SB ATB markets of 58. The positive perceptions on future economic performance adopted by Angolan businesses might reflect the projected positive economic growth sustained by relatively higher oil prices influenced by Russia's invasion of Ukraine and post-Covid-19 economic

[1] UNCTAD, 2022. Available here

recovery.[2] Moreover, political stability in the first quarter of 2023 accompanied by increased emphasis to implement reforms such as economic privatisation, diversification and reducing corruption by the newly elected President of Angola are likely a contributor to the increase in positive business sentiments observed.

Angolan businesses have the highest score on the Government support index, increasing from 53 in September 2022 to 68 in May 2023. Angola has moved up from position 4 to rank 1st, signalling that businesses in Angola feel their Government is more supportive of their cross-border trade activities compared to businesses in the 9 SB ATB countries. Angola's relatively positive perceptions of Government support likely reflect the Government's structural reform agenda that supports export growth of non-oil sectors and its efforts to gain admission into the free trade zone of the Southern African Development Community (SADC) later in 2023.[3,4]

With regards to the quality of infrastructure, Angola declined relative to the other 9 markets in the SB STB, from position 4 in September 2022 to position 6 in May 2023. Businesses find rail, road and port infrastructure, as well as power and water supply to be of poor quality. However, despite the poor infrastructure, the extent to which infrastructure represents a challenge to Angolan businesses is relatively low compared to other SB ATB markets. Angola's infrastructure obstacle index score increased from 49 (ranked 5th in the barometer) in September 2022 to 56 (ranked 3rd in the barometer) in May 2023, meaning that businesses felt poor infrastructure presented less of a challenge to their operations. This is likely because businesses have found coping mechanism that has enabled them to operate in a infrastructure constrained environment, and due to several investments in the infrastructure space. The Angolan Government has committed USD 155 million towards the expansion and rehabilitation of the railway infrastructure, including the development of the Lobito Corridor, which will facilitate the movement of goods from Angola, the Democratic Republic of Congo and Zambia to Angola's Lobito port.

The perceptions of businesses in terms of access to credit for businesses in Angola has improved, relative to other SB markets. Angola ranked number 1 among the countries included in the SB ATB for 2 out the 3 indicators relating to access to finance (**see table above**). In general, Angolan businesses found it easier to access finance through financial institutions and their suppliers, relative to the other 9 countries in the SB ATB. This result was largely attributed to the falling Monetary Policy (MPC) rate since the last iteration of the survey, from 19.5% in November 2022 to 17% in May 2023.

Angola retained her rank 1 position with regard to the ease of trade index score (see table above). Despite the increase in the share of firms reporting trade with the rest of Africa to be difficult from 11% in September 2022 to 23% in this iteration of the survey, Angola retained her position 1 rank with regard to her ease of trade index score. This is because relative to other SB ATB markets, Angolan businesses find it easier to trade with other countries, even though the environment has increasingly become more challenging.

Angola is one of the 54 signatories to the African Continental Free Trade Agreement (AfCFTA). Awareness of the AfCFTA amongst surveyed Angolan businesses has significantly improved, increasing to 63% in May 2023 from 14% in September 2022. Most businesses believe the implementation of AfCFTA will result in easier movement of capital and people across African borders, the facilitation of greater investment across countries and the promotion of industrial development across countries.

In conclusion, the duality of Angola's Trade Barometer results is depicted by positive business perceptions in a challenging macroeconomic environment. With Angola's remarkable top-ranking status in this survey's SB STB category, the spotlight now shines on future iterations of the SB ATB. These forthcoming iterations hold the promise of revealing whether business perceptions signal a macro-level transformation in Angola's business landscape.

Luanda Skyline, Angola

[2] AfDB, 2023. Available here
[3] IMF, 2022. Available here
[4] SADC, 2023. Available here

1. INTRODUCTION

Being Africa's largest bank, Standard Bank has leveraged its presence and expertise across the continent to create the Standard Bank Africa Trade Barometer (SB ATB). The SB ATB was conceived with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade.

Definition of trade in the context of the SB ATB

Trade—in the context of the SB ATB—should be understood as the process of production and transfer of goods and services that is enabled by solutions that effectively connect the supply chain domestically and internationally to create economic value.

Launched in 2022, this is Issue 3 of the SB ATB. Issue 1 and Issue 2 were published in June 2022 and November 2022 respectively. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, and Zambia.

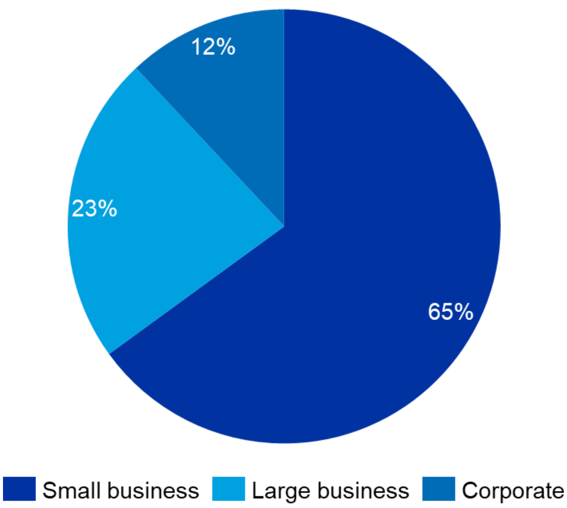
The objective of the SB ATB is to provide dynamic and insightful analysis that can intelligently inform and grow Africa's trade ecosystem. Updated annually, the data enables stakeholders to take the pulse of African trade in near real-time to measure improvements or declines in business confidence, track operational challenges, and identify shifts in overall tradability. To do so, the SB ATB covers seven broad thematic categories of data that impact on trade. These are: trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance and economy and traders' financial behaviour. These are the seven variables on which the trade barometer scores for each country are constructed.

The SB ATB is based on primary and secondary data sources. Primary research is gathered through a survey of over 2 500 firms representing small businesses, large businesses and corporates across the 10 countries.[5] The survey is augmented by in-depth interviews (IDIs) with select thought leaders in respective countries, and secondary data from sources such as the World Bank, the International Monetary Fund (IMF) and central banks of the respective countries.

This is the country report for Angola. It contains analysis of the primary and secondary data gathered specifically for Angola and showcases trends and opportunities in trade within the country. Primary and secondary data was gathered in Angola between March and May 2023 for this third issue of the SB ATB.

A total of 272 businesses were surveyed in Angola. In order to be representative, the majority of these (65%) were small businesses (see **Figure 1**) given that most businesses in the country fall in this category. The reader should bear this in mind as it has a commensurate impact on the insights highlighted in this report.

Figure 1: Breakdown of surveyed businesses in Angola by business segment



Source: Standard Bank Africa Trade Barometer Issue 3

The fact that the majority of surveyed businesses were small businesses is the central value-add of the Standard Bank Africa Trade Barometer (SB ATB). Aggregate trade data and information on the African continent is skewed by large businesses who trade specific commodities in large volumes. The trading activities and behaviour of small businesses is therefore not adequately represented. The SB ATB is different because, due to the underlying sample composition being majority small businesses, the emphasis and findings relate to small businesses, their trade behaviour, trading activities and their perceptions on trade. The SB ATB also makes a contribution

[5] The business size definitions by turnover bands, as used in the context of the SB ATB, can be found in the 'About the Research' section later in this report.

in understanding the trade perceptions of small businesses in Africa that do not necessarily engage in cross-border trade. This is important because this understanding is helpful in the quest for Africa to transform herself from a poorly integrated trade environment to more trade integration where a large diversity and scope of the overall economy trades with each other.

Because of the intentional bias of the SB ATB on smaller businesses, the reader may notice that in certain instances the survey findings may differ from data at the aggregate level. This is to be expected as in many cases data at the aggregate level (from sources such as the Statistics Bureaus of individual countries, World Bank, etc.) is skewed by a few large businesses (multinationals, etc.) that trade large volumes of specific commodities. This is pointed out in the report, as relevant.

There were three IDIs conducted in Angola as part of this third issue. One interview was with a representative from the Ministry of Finance and the other two were interviews with two representatives from the Ministry of Trade and Industry.

Please note that although this is Issue 3 of the SB ATB and hence there are three data points for all variables from the surveys conducted so far (January 2022, September 2022 and now May 2023), this report predominantly compares September 2022 and May 2023 data points in most cases. This is done for ease of analysis and comparison with recent market trends in order to make contextual sense of the data. That said, all data points from the last three surveys of the SB ATB are available on request.

2. COUNTRY RANKINGS

Angola has maintained position 10 in the Standard Bank Africa Trade Barometer ranking

In order to construct the Standard Bank Africa Trade Barometer (SB ATB) index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance and economy, and traders' financial behaviour.

From a secondary research perspective, the Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed. The SB QTB scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources.

From a primary data perspective, the Standard Bank Firm Survey Trade Barometer (SB STB) is constructed. The SB STB scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2,636 businesses.

The SB ATB is an aggregate of the SB QTB and the SB STB. Changes in a country's ranking on the three indices (SB ATB, SB QTB and SB STB) are driven by changes in both the aggregate score for that country, as well as their relative ranking against the other countries included. Changes in the SB ATB rankings over the past 6 months are driven mostly by the changes in the SB STB scores.

It is important to emphasise that the SB ATB ranking of countries is relative to the 10 countries themselves. In other words, countries are ranked against each other i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.

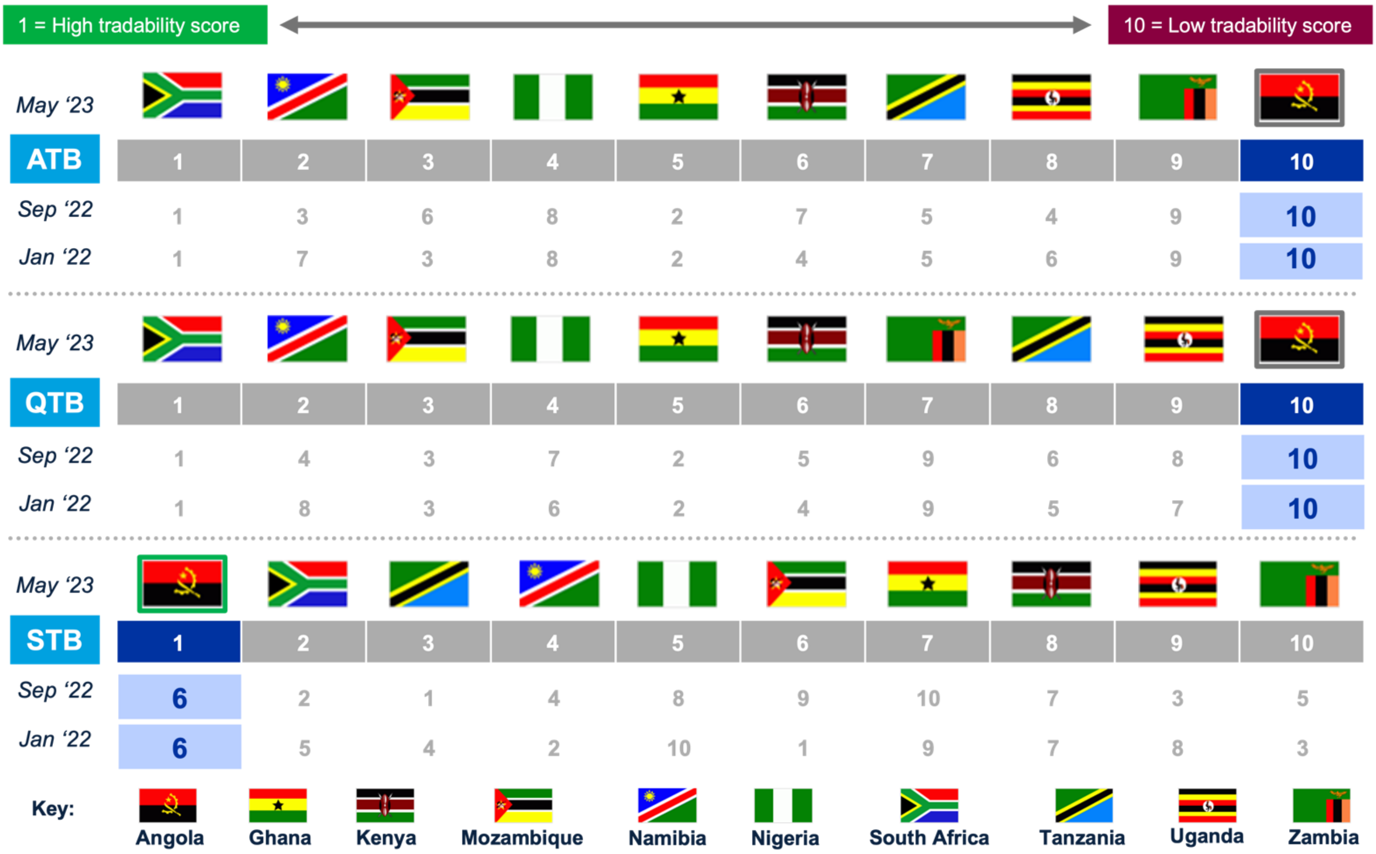
Angola has maintained position 10 in the SB ATB (see **Figure 2**). This is mainly because the country-maintained position 10 in the SB QTB ranking. Although Angola improved significantly from position 6 to position 1 in the SB STB, this was not enough to improve its overall SB ATB ranking.

Angola's SB STB ranking significantly improved due to significant improvements in the perceptions of businesses as to the following indicators:

- Degree of challenges improving trade (businesses perceive that the overall challenges to trade have declined in the country)
- Forex restrictions and controls (businesses perceive the forex environment to have gotten better in the country)
- Government support on trading activities (businesses perceive government support to trading activities to have improved)
- Credit terms extended to clients and advanced by suppliers (businesses are utilising credit arrangements with clients and suppliers more)

The rest of this report unpacks Angola's performance in the Standard Bank Africa Trade Barometer Issue 3 from both a primary and secondary research perspective, in line with the seven broad thematic areas referenced earlier.

Figure 2: ATB, QTB and STB ranking, by country



ATB										
May '23	1	2	3	4	5	6	7	8	9	10
Sep '22	1	3	6	8	2	7	5	4	9	10
Jan '22	1	7	3	8	2	4	5	6	9	10

QTB										
May '23	1	2	3	4	5	6	7	8	9	10
Sep '22	1	4	3	7	2	5	9	6	8	10
Jan '22	1	8	3	6	2	4	9	5	7	10

STB										
May '23	1	2	3	4	5	6	7	8	9	10
Sep '22	6	2	1	4	8	9	10	7	3	5
Jan '22	6	5	4	2	10	1	9	7	8	3

Source: Standard Bank Africa Trade Barometer Issue 3
Notes: All values are shown so that a higher value is 'better' for trade, with the best to least ranking economies being ranked 1, 2, 3, etc., and how this has changed over time; Red border indicates that the country has declined in the relevant ranking from September 2022, Green border indicates that the country has improved in ranking from September 2022, while Grey border indicates that the country has remained in the same position as in September 2022.

Christ the King Statue, Lubango Source: Freepik

3. MACROECONOMIC ENVIRONMENT

Angola's tradability attractiveness is negatively impacted by her macroeconomic conditions

A country's macroeconomic environment plays an important role in how attractive it is with regards to trading activities. A country has a high tradability attractiveness if it is characterised by: high GDP (many goods and services are produced in the country); high GDP per capita (residents have a high spending power); stable inflation (a stable local currency so that it does not disadvantage importers, for instance); high foreign direct investment (FDI) (generally conducive for business and investment); high merchandise trade as a percentage of GDP (imports and exports are high); and so on.

As part of the calculation of the SB QTB, a tradability attractiveness score is calculated for each country using relevant macroeconomic indicators, including those highlighted in Table 1. The three-year average (2020, 2021 and 2022) of each relevant indicator in a country is first normalised which allows for the relative impact of each indicator on overall tradability attractiveness to be compared and converted to a score. The same macroeconomic indicators can be used to understand the macroeconomic environment of a country, which is done in this section of the report.

Macroeconomic conditions continue to be negative, affected by low oil prices and the continued depreciation of the Kwanza resulting in the dwindling of foreign currency reserves needed to support cross-border trade.

Angola's overall macroeconomic conditions are relatively negative, albeit showing signs of improvements. As such, they have a negative to average impact on her overall tradability attractiveness (see **Table 1**). Notable variables that have a positive impact on Angola's tradability attractiveness include recovering current GDP and economic growth that have surpassed their pre-pandemic levels, high merchandise trade as a percentage of GDP, and high exports as a percentage of GDP. On the other hand, the country has experienced negative FDI net inflows, largely due to capital outflows in the oil sector related to past investments.[6] This has a high adverse effect on Angola's tradability attractiveness. Other variables with a negative impact on trade include a depreciating Angolan Kwanza which - having witnessed a 24.3% appreciation against the dollar in the first half of 2022 - has since been losing value. The Angola's Kwanza has been labelled as one of Africa's worst-performing currencies in the first half of 2023 as a result of low oil prices and an increase in external debt repayments.[7] This has pushed the central bank to stop propping the local currency up to maintain its value in an attempt to sustain dwindling foreign currency reserves. Owing to the depreciation of the Kwanza, particularly given the country's reliance on imported food, Angola is marred by high inflation and coinciding high interest rates which have an adverse effect on Angola's tradability. Although Angola's Strategic Food Reserve (REA) has been successful in reducing and stabilising the prices of basic food products in the country (according to an Afrosondagem study done in May 2023), its effect is yet to reflect in the country's headline inflation rate[8].

Table 1: Angola's macroeconomic indicators and their impact on tradability attractiveness

Variable	2018	2019	2020	2021	2022
GDP (current USD)	USD 78 billion	USD 69 billion	USD 54 billion	USD 67 billion	USD 107 billion
Real GDP growth (%)	-1.3%	-0.7%	-5.6%	1.1%	3.0%
Inflation (annual, period average, %)	19.6%	17.1%	22.3%	25.8%	21.4%
Lending interest rate (%)	20.7%	19.3%	19.7%	19.4%	20.1%
Exchange rate (AOA:USD, period average)	252.9	364.8	578.3	631.4	460.6
FDI net inflows (BoP, current USD)	USD - 6.5 billion	USD - 4.1 billion	USD - 1.9 billion	USD - 4.4 billion	USD - 6.1 billion
Merchandise trade (% of GDP)	73%	71%	57%	67%	60%
Imports of goods & services (% of GDP)	26%	17%	16%	16%	25%
Exports of goods & services (% of GDP)	41%	41%	36%	44%	43%

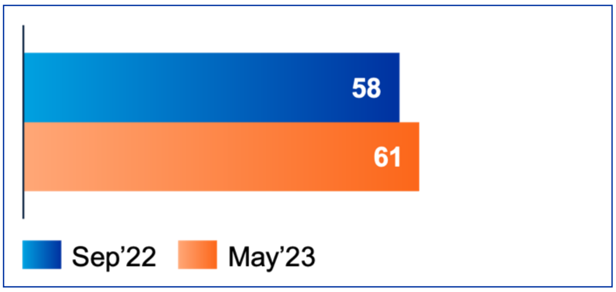
Source: National institute of Statistics, UN Comtrade; Note: Percentages and figures are rounded to the nearest whole number; 2022 and 2023 data not shown as these were not available at the time of publishing this report

6 UNCTAD, 2022. Available here
7 Reuters, 2023. Available here
8 Verangola, 2023. Available here

4. MACROECONOMIC STABILITY

Confidence in the economy has significantly increased

Angola's business confidence index score



Business confidence can vary between 0 and 100, where 0 indicates an extreme lack of confidence, 50 neutrality and 100 extreme confidence. In the May 2023 SB ATB survey results, Angola's business confidence index score declined from 58 to 61. This means that compared to September 2022 surveyed businesses in Angola have less confidence in the performance of the economy in relation to business in this iteration of the survey.

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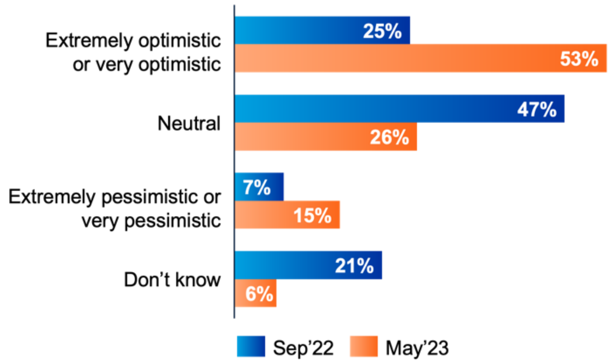
Positive perceptions on the performance of the economy in relation to business have significantly increased among businesses in Angola, regardless of their size (see **Figure 3**). 53% of the surveyed businesses are optimistic about Angola's economic performance over the next three years, compared to 25% of the businesses surveyed in September 2022. Optimistic businesses cited increased economic growth as one of the reasons they have optimistic views on the outlook of the economy. The observed increase in optimistic views is accompanied by a significant decrease in businesses with neutral viewpoints and a slight increase (although smaller than the increase in optimistic views) in businesses with pessimistic views.

> **53%** *of surveyed businesses are optimistic about the future performance of the economy, an increase from 25% despite negative macroeconomic conditions*

Figure 3: Outlook of businesses on the performance of the Angolan economy over the next three years

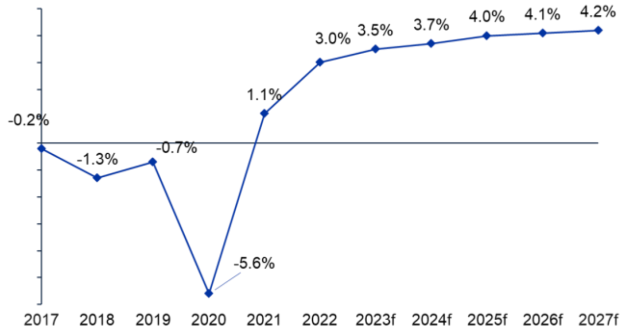
Question: Please indicate how you feel about the performance of the economy in relation to business in the next 3 years.



Source: Standard Bank Africa Trade Barometer Issue 3

The positive perspective adopted by Angolan businesses reflects the projected performance of the economy at the aggregate country level (see **Figure 4**). Angola's economy is projected to grow at 3.5% in 2023, an increase from 2.8% recorded in 2022 and 1.1% in 2021. Economic growth is expected to remain above 3.5% in the medium-term. This is partly due to sustained high oil prices influenced by Russia's invasion of Ukraine and post-Covid-19 economic recovery.[9]

Figure 4: Real GDP growth (%, 2017 - 2027)



Source: National Institute of Statistics | IMF
Note: 'f' represents forecasted data points

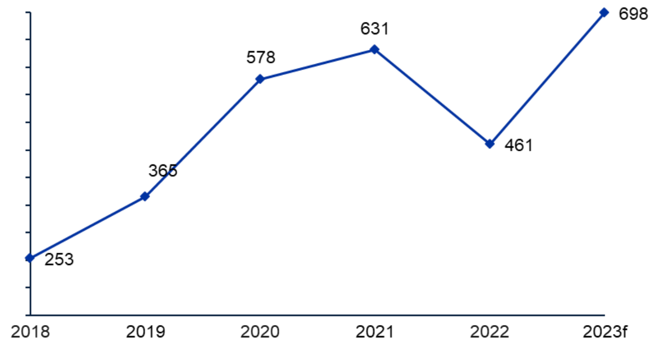
[9] AfDB, 2023. Available here

Respondents who hold optimistic views on the future outlook of the Angolan economy commonly cited business growth as the main factor to their optimism. These sentiments point toward the waning effects of the Covid-19 pandemic, as the majority of the optimistic businesses stated that they expect higher demand from their customers and economic stability to boost economic performance in relation to business. Political stability in the first quarter of 2023 also contributed to an increase in positive business sentiments as the re-elected Government emphasised its reform agenda, which focuses on economic privatisation, diversification and reducing corruption. With the appointment of Manuel Tiago Dias as the new Governor of the central bank of Angola in June 2023, an individual relatively higher standing in the court of public opinion, business sentiments are likely to be positively impacted.

> The continued depreciation of the Kwanza poses a challenge to future business sentiments as concerns about the Government's ability to support cross-border trade grows due to foreign currency shortages.

On the other hand, businesses that were pessimistic about the economy most commonly cited expected poor economic performance to justify this position. This may be influenced by, among other things, the projected continued depreciation of the Angolan Kwanza against the US dollar in 2023 - due to a combination of falling average global oil prices and declining oil production (see **Figure 5**).[10] This has affected the country's foreign reserves and its ability to pay for imports, therefore negatively affecting business sentiments. Angola is one of the countries in Sub-Saharan Africa facing pronounced foreign currency shortages when compared to its peers, and is often marred by recurring foreign currency liquidity shortages.[11] It is expected that Angola's oil production will decline by 2.7% in 2023 due to the lack of new oil projects coming on stream and older fields running dry, resulting in the Kwanza depreciating further. This will put continued pressure on foreign currency reserves and Angola's ability to support cross-border trade. In addition to its vulnerability due to dependence on oil revenues, Angola suffers from high levels of bureaucracy and a weak judicial system fuelling widespread corruption and the lack of transparency in general and in the public accounts, thereby negatively influencing business sentiments.[12]

Figure 5: Foreign exchange (AOA:USD, 2017 - 2023)

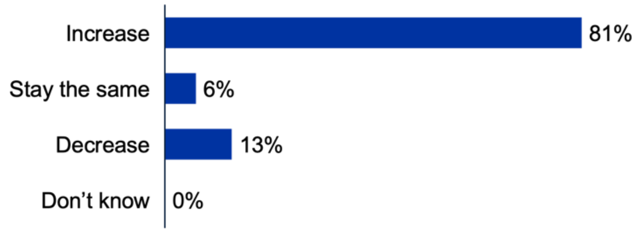


Source: The National Bank of Angola; Standard Bank Analysis
Note: Values rounded to the nearest Kwanza | 'f' represents forecasted data points

Most businesses are optimistic about the future performance of their individual businesses (see **Figure 6**). The majority of businesses (81%) believe that their revenue will increase over the next year. This is primarily due to planned expansion into new production lines as well as increased production, a finding consistent with the perception that demand for their goods or services will increase in the near future. This overall sense of optimism reflects the waning effect of the Covid-19 pandemic on the operations of businesses.

Figure 6: Businesses revenue expectations over the next year

Question: Thinking ahead, do you expect business turnover to increase, decrease or remain the same.



Source: Standard Bank Africa Trade Barometer Issue 3

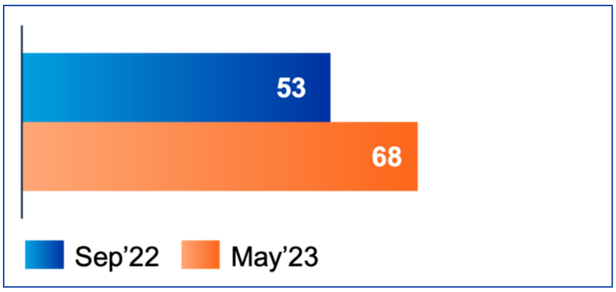
[10] Fitch Solutions, 2023. Available here
[11] The Conversation, 2023. Available here
[12] Lloyds Bank, 2023. Available here

5. GOVERNMENT SUPPORT

Perceptions of government support on trade have increased

> **60%** *of surveyed businesses find the Angolan Government to be supportive of cross-border trade - a 24 percentage point increase from September 2022.*

Angola's government support index score



The government support index can vary between 0 and 100, where 0 indicates an extreme lack of Government support, 50 neutrality and 100 extreme Government support. In the May 2023 SB ATB survey results, Angola's Government support index score increased from 53 to 68. This means that compared to September 2022, surveyed businesses in Angola feel the Government has been more supportive of cross-border trade activities in this iteration of the survey.

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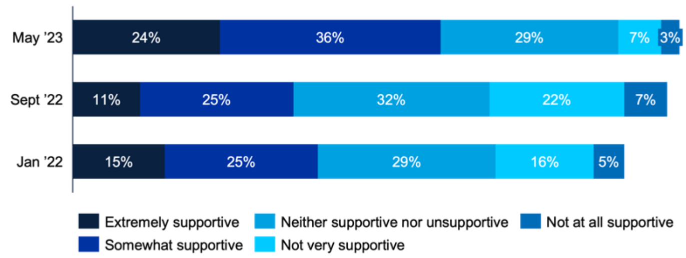
The positive perception of the Government's role in supporting cross-border trade activities increased in the May 2023 survey as compared to the September 2022 survey (see **Figure 7**). The share of firms that stated that the Government was supportive (either extremely supportive or somewhat supportive) of their cross-border trading activities increased to 60% in May 2023 from 36% September 2022. These positive sentiments are possibly informed by the Government's structural reform agenda that supports export growth of non-oil sectors through the PRODESI program; and its efforts to gain admission into the free trade zone of the Southern African Development Community (SADC) later in 2023.[13,14] The Angolan Government has intensified its export promotion program through training, sales promotion (especially the agricultural sector), and support to access project credit. Furthermore, the Government's renewed commitment to cross-border trade - signalled by negotiations in May 2023 with the Chinese Government to impose zero tariffs on 98% of Angola's exports to China - has likely contributed to the increase in positive sentiments on the role the Angolan Government has been playing to support cross-border trade in this iteration of the survey.[15]

Figure 7: The extent the Government has supported cross-border trade activities as identified by businesses

Question: Please indicate how supportive your government is with regards to cross-border trading activities.



Source: Standard Bank Africa Trade Barometer Issue 3

Larger businesses on average have a more positive perception of the Government's support for cross-border trade relative to smaller businesses. During the May 2023 survey, 69% of corporate businesses and 70% of big businesses reported that the Government was supportive (either extremely supportive or somewhat supportive) of their cross-border trading activities, compared to 54% of small businesses. This difference may be explained by larger businesses having better access to information about Government programs, more resources and capacity to navigate complex regulatory environments and Government support being more accessible and tangible to larger businesses.

Respondents noted that they would like the Government to support cross-border trade by reforming legislation governing the import process. The process of importing goods into Angola is time consuming and highly bureaucratic. Import procedures in Angola are estimated to cost USD 460, and require 96 hours for import document compliance.[16] In addition, importers must be registered with the Ministry of Industry and Trade for the category of product they are importing, and only registered companies can apply for an import licence.[17] While the Angolan government has

[13] IMF, 2022. Available here
[14] SADC, 2023. Available here
[15] Ver Angola, 2023. Available here

[16] International Trade Administration, 2019. Available here
[17] International Trade Administration, 2023. Available here

taken steps to streamline certain administrative processes by adopting a new system for customs clearance, more efforts need to be made to bring down non-tariff barriers such as red tape to facilitate international trade.[18]

Another key area businesses in Angola require Government support is the removal of limits on foreign currency purchases. Adequate supply of foreign currency is necessary to facilitate cross-border trade activities with minimum interruption. Angola's foreign currency reserves declined to USD 15 billion in 2022 (from USD 16 billion in 2021) due to significant financial account outflows.[19] Given that Angola's reserves are expected to fall further to USD 13.5 billion by end-2024, continued monitoring of foreign currency transactions is necessary to ensure the availability of foreign currency to facilitate cross-border activities in the long term.

Finally, respondents would like the Government to reduce business taxes. Lowering business taxes encourages investments and entrepreneurial activity by decreasing the opportunity costs of entrepreneurship, reducing barriers to entry, and by increasing the funding available to start a new venture. However, with the current macroeconomic conditions, it is unlikely the Government will reduce business taxes in the near-term. The country's economic outlook reflects weaker economic growth prospects given the sharp depreciation of the Angolan Kwanza, expected higher inflation and an increase in the public debt to GDP ratio.[20] Angola's fiscal surplus is expected to narrow from 1% of GDP in 2022 to 0.2% in 2023, and eventually reach a deficit of 0.8% in 2024. This will be as a result of a projected 3.5 percentage point decline in total revenue to 22% of GDP between 2022 and 2024, driven by a decline in Brent Crude Oil prices and in domestic oil production.[21]

[18] IMF, 2022. Available here

[19] Fitch Ratings, 2023. Available here

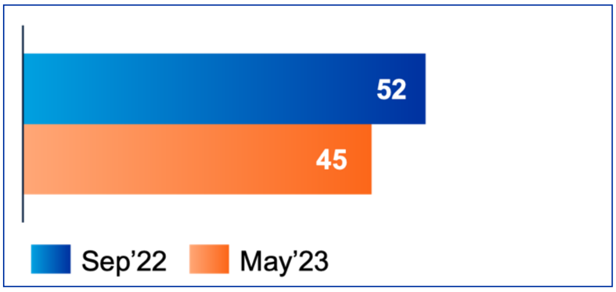
[20] Fitch Ratings, 2023. Available here

[21] Fitch Ratings, 2023. Available here

6. INFRASTRUCTURE CONSTRAINTS AND ENABLERS

The perceived quality of infrastructure in Angola has slightly declined

Angola's quality of trade-related infrastructure index score



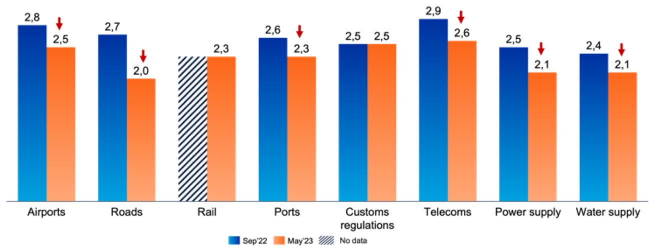
The quality of trade-related infrastructure index can vary between 0 and 100, where 0 indicates poor quality, 50 indicates fair quality and 100 indicates excellent quality. In the May 2023 SB ATB survey results, Angola's quality of trade-related infrastructure index score declined from 52 to 45.

***

The perceived quality of infrastructure in Angola declined relative to September 2022 (see **Figure 8**). This decline in perceived quality was significant across six of the eight infrastructural indicators—airport, road, port, telecommunications, electricity, and water infrastructure.

Figure 8: The perceived quality of various infrastructural aspects by businesses (5-point scale)

Question: How would you rate the quality of each of the following aspects in your market?



Source: Standard Bank Africa Trade Barometer Issue 3
Note: Rating is on a 5-point scale, where 5 = excellent quality and 1 = poor quality. Arrows denote whether the value of the variable is significantly higher/lower than in the previous survey.

However, in comparison to many of the other comparator countries in the Standard Bank Africa Trade Barometer, the extent to which infrastructure represents a challenge to Angolan businesses is relatively low. This could be because there is relatively little industry in the country other than oil. Imports as a percentage of GDP are only 16%, and although exports are high, these are mainly made up of oil. Hence, because Angola is not a very well diversified economy, businesses might not perceive infrastructure to be a challenge to their operations.

The road network is the most poorly perceived aspect of Angola's infrastructure (see **Figure 8**) **and is also one of the largest infrastructural constraints.** Angola's road network ranks 136th out of 141 countries in terms of quality and has a density estimated at less than a third of the average in low-income African countries.[22] In addition, only 18% of the country's roads are paved; whilst only 58% of primary and secondary roads are estimated to be in fair condition.[23] Insights from interviews with thought leaders reveal that this poses significant challenges to businesses in terms of the ability to distribute their goods and access particular markets for their products, thereby contradicting Government's strategy to diversify the economy due to infrastructural bottlenecks that prohibit trade .

> "Roads are also a challenge. This limits product distribution for companies that produce locally. So, for example for those in agriculture, after producing a lot of consumer goods, they tend to have challenges distributing products to customers ."

Representative from the Ministry of Trade and Industry

[22] World Economic Forum, 2019. Available here | World Bank, 2020. Available here

[23] World Bank, 2020. Available here

Port of Luanda. Source: iStock

Similarly, power supply is one of the largest infrastructural constraints affecting the operations of businesses, and is also amongst the most poorly perceived (see **Figure 8**)**.** For example, 45% of surveyed businesses identified the state of the power supply as a major or severe obstacle constraining their current operations. This is partly driven by poor levels of access, where only 48% of the population have access to electricity.[24] Insights from the interviews reveal that these outages result in significant additional costs for businesses, particularly businesses that are engaged in production that need to purchase and maintain alternate sources of electricity.[25]

45% *of surveyed businesses feel that power outages are a major or severe obstacle to their current operations.*

"Many businesses that are engaged in production incur significant costs for fuel for their generators."

Representative from the Ministry of Trade and Industry

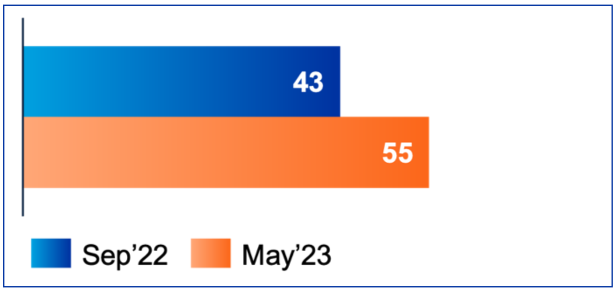
To address these challenges, the Angolan Government has made infrastructure development a priority. Investment in infrastructure has historically been high in Angola, accounting for 11% of GDP relative to an average of 2% in countries across Sub-Saharan Africa. This high level of investment is likely to continue. For example, the Government has committed toward a USD 155 million expansion and rehabilitation of the railway infrastructure, including the development of the Lobito Corridor. This corridor will facilitate the movement of goods from Angola, the Democratic Republic of Congo and Zambia to Angola's Lobito port, and is thereby envisioned to provide the region's quickest export and import route to Europe and the Americas.[26].[27] In addition, the much-delayed international airport in Luanda is set to be opened in December 2023.

[24] World Bank, 2021. Available here
[25] Representative from the Ministry of Trade and Industry
[26] Ndebele, 2023. Available here
[27] International Trade Administration, 2023. Available here

7. TRADE OPENNESS

China, Portugal and South Africa remain important cross-border trade partners of businesses in Angola

Angola's trade openness index score



The trade openness index score can vary between 0 and 100, where 0 indicates a high burden of obstacles inhibiting trade, 50 indicates a moderate burden of obstacles inhibiting trade and 100 indicating a low burden of obstacles inhibiting trade. In the May 2023 SB ATB survey results, Angola's trade openness index score improved from 43 to 55.

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While most Angolan businesses source their inputs locally, a notable percentage (22%) of firms import. For those businesses that import, the majority operate in the diversified industrials sector and purchase their goods directly from international retailers.

China is an important source of inputs for Angolan importers. 36% of Angolan importers import from China, and Chinese goods constitute roughly 23% of the average importer's gross imports. The importance of China as an import partner for Angolan businesses mirrors data at the aggregate country level, where China is Angola's top import partner (accounting for 61% of the country's total imports).[28] When asked to provide reasons underpinning their decision to trade with China, the most commonly identified reasons were the availability of advanced technology and equipment that is not readily available from other markets and the ability of Chinese exporters to provide a large volume of products.

> "Dealing with China is good. Their products are cheap, and they also have access to equipment and new technologies that are not always available from others."

Representative from the Ministry of Finance

A notable share of importers source their inputs from Europe (43%), particularly Portugal (25%). In addition, imports from Portugal account for a relatively large proportion (16%) of the average importer's import basket. This is unsurprising, given the fact that countries with historic colonial ties often maintain deep trade relationships due to long-standing trade networks, shared languages, and cultural similarities.[29] This mirrors data at the country level, where Portugal is Angola's third largest import partner in terms of value.[30]

Another notable import partner is South Africa. Specifically, 34% of importers source their inputs from South Africa and imports from South Africa constitute on average 26% of an importer's gross imports. This aligns with data at the aggregate country level, where South Africa is Angola's largest African import partner.[31]

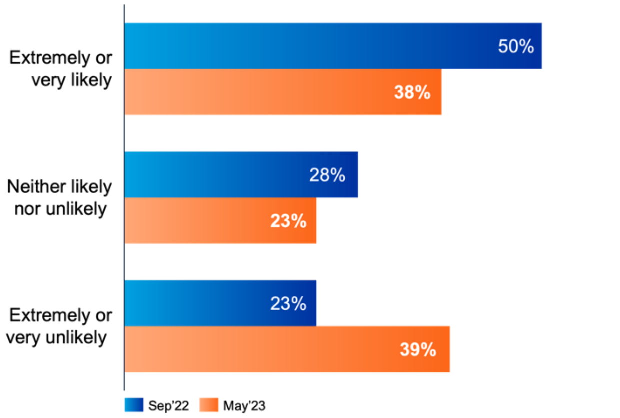
Imports from other regions in Africa are relatively low. For example, only 7% and 2% of businesses import from Central and North Africa respectively. Similarly, when imports from South Africa are excluded, the share of imports originating from the rest of Africa makes up only 4% of the average importer's import basket.

In terms of importers expectations regarding how the volume of their imports will evolve over the next two years, there are mixed views (see **Figure 9**). Only 38% of importers feel that the scale of their imports are likely to increase over the next two years. This is a notably lower proportion relative to many of the other comparator countries in the Standard Bank Africa Trade Barometer. Meanwhile, a significant proportion of importers in Angola are either unsure (23%) or feel that it is unlikely (39%) that their import volumes will increase over the next two years.

[28] WITS, 2020. Available here
[29] Seid, 2013. Available here
[30] WITS, 2019. Available here
[31] WITS, 2022. Available here

Figure 9: Importers perceptions on their likelihood to increase import volumes over the next 2 years (%)

Question: How likely are you to increase the volume of imports in the next 2 years?



Source: Standard Bank Africa Trade Barometer Issue 3.
Note: Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey

From an African perspective, most importers primarily expect imports from South Africa to increase. 17% of Angolan importers expect imports from South Africa to increase over the next two years by an average of 38% of their current volumes. This points toward a persistence of the low level of imports from neighbouring Southern African countries into the near-future. However, the Angolan Government is hopeful of completing negotiations for entry into the free trade zone of the Southern African Development Community (SADC) later in 2023 and thereby increase regional trade.[32]

Most Angolan importers report at least a moderate negative impact of importation-related taxes such as tariffs on the capacity of their business to grow (see **Figure 10**). The proportion of importers who report import taxes to have minimal to no impact on their business growth is only 26%, representing a significant decline relative to September 2022. The burden of import taxes on businesses may be driven in part by the fact that Angola does not currently have Regional Trade Agreements with many of its most prominent import partners, meaning that most goods entering the country from abroad are subject to some form of import tax.

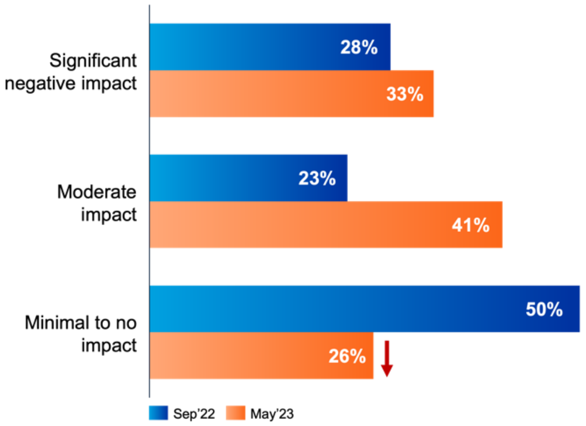
74% *of surveyed businesses feel that importation-related taxes such as tariffs have at least a moderate negative effect on their business growth.*

"The main challenge is the regulatory environment. Customs taxes, in particular, are very high."

Representative from the Ministry of Trade and Industry

Figure 10: The impact of importation-related taxes on importers

Question: To what extent do importation-related taxes, including tariffs, impact your business growth?



Source: Standard Bank Africa Trade Barometer Issue 3
Note: Sample includes importers only. Arrows denote whether the value of the variable is significantly higher/lower than in the previous survey

Only 8% of Angolan businesses sell their goods abroad. For those businesses that export, the majority operate in the services sector and sell their goods directly to international end consumers.

The most popular export markets for surveyed exporters in Angola are countries in Southern Africa. 45% of Angolan exporters export to at least one country in Southern Africa, with the most popular destination market being South Africa (27% of exporters). In addition, the export relationship between many Angolan firms and other South African countries appears to be relatively deep. 41% of the average exporter's export basket are goods sold to other countries in Southern Africa.

In contrast to data at the aggregate country level, only 14% of Angolan exporters sell their goods to China. At the aggregate country-level, China is Angola's most prominent export partner accounting for roughly 61% of Angola's total exports.[33] Whilst this is somewhat contrary to the firm-level data in the Standard Bank Africa Trade Barometer, this discrepancy may be reconciled by the fact that most of Angola's exports to China (over 90%) is crude oil which is sold by the state-owned oil company Sonangol and

[32] International Trade Administration, 2022. Available here

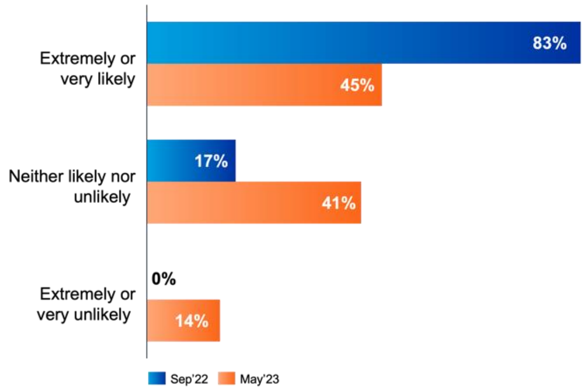
[33] WITS, 2019. Available here

not by businesses in our sample.[34] However, we might expect to see a larger proportion of Angolan businesses that export to China in future iterations of the Standard Bank Africa Trade Barometer. This is because there are ongoing discussions between Angola and Chinese authorities concerning a new customs agreement that would offer zero tariffs to Angolan goods exported to China.[35]

While the majority of Angolan exporters expect the volume of their imports to increase, a notable proportion expect them to stay the same (see **Figure 11**). 45% of exporters feel that it is likely that their export volumes will increase over the next two years. However, 41% of exporters feel that it is neither likely or unlikely, pointing toward a degree of uncertainty in the market perhaps driven by volatile economic conditions.

Figure 11: Exporters perceptions on their likelihood to increase export volumes over the next 2 years (%)

Question: How likely are you to increase the volume of exports in the next 2 years?



Source: Standard Bank Africa Trade Barometer Issue 3
Note: Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey

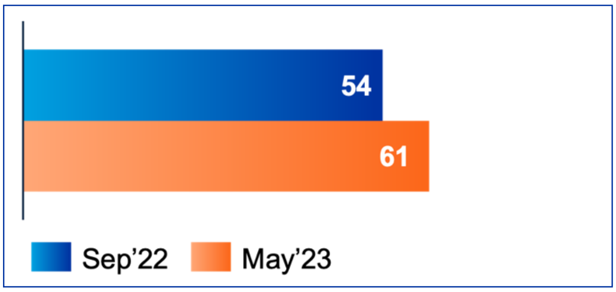
[34] Trading Economics, 2023. Available here | Trading Economics, 2023. Available here

[35] Verangola, 2023. Available here

8. TRADERS' FINANCIAL BEHAVIOUR & ACCESS TO FINANCE

Businesses utilise a broad range of payment methods for cross-border trade, and access to credit is perceived as becoming easier

Angola's access to finance index score



Access to finance can vary between 0 and 100, where 0 indicates an extreme difficulty in accessing finance, 50 neutrality and 100 indicates no difficulty in accessing finance. In the May 2023 SB ATB survey results, Angola's access to finance index score increased to 61 from 54 in September 2022. This means surveyed businesses in Angola found it easier to access finance compared to September 2022.

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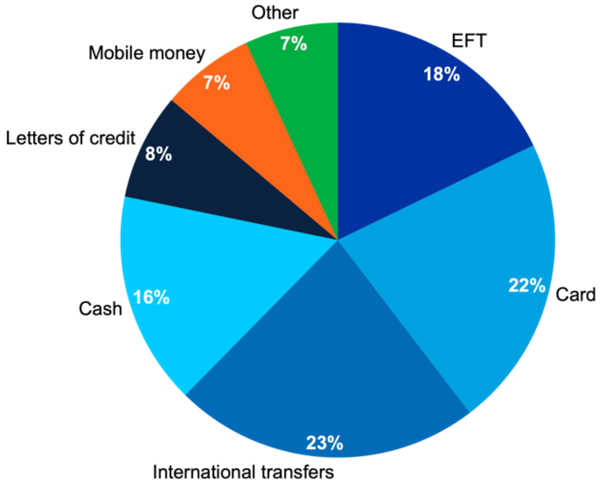
Angolan businesses utilise a range of payment methods for cross-border trade. Starting with cross-border sales, businesses provide foreign buyers with a diverse set of payment options. However, cash remains king with the majority of businesses (28%) being paid through cash, largely driven by corporations (31%). Similar findings are observed with regards to cross-border purchases as well (see **Figure 12**). However, it appears that as businesses grow, they increasingly opt for international transfers—which involves the movement of funds directly between two banks—as the preferred method for cross-border purchases.

Figure 12: Preferred payment method for cross-border purchases

Question: Thinking of your sales, how do you pay for your goods or services when trading with suppliers in other countries?



Source: Standard Bank Africa Trade Barometer Issue 3

> **53%** *of domestic sales of surveyed businesses are facilitated through cash*

Cash and card remain the dominant payment methods for domestic transactions in Angola, representing 53% of all sales and 52% of purchases of domestic goods. While corporations prioritise EFTs for domestic purchases (22% of corporates domestic purchases are facilitated through EFT), smaller businesses face barriers that limit their adoption of digital financial services. Historically, Angola faced challenges with digital financial services adoption due to a large unbanked or underbanked population. A contributing factor to these historic challenges is the presence of a large informal sector, estimated at 40% of GDP in 2022. Within the informal sector, traders prefer to utilise cash as a means of facilitating trade.[36] However, the entry of Africell Angola in 2022 and the subsequent launch of its mobile money service,

[36] World Economics, Available here

Afrimoney, has marked a turning point. Within just six weeks of operations, Afrimoney registered over 400,000 customers, showcasing its potential to revolutionise the country's digital financial landscape.[37]

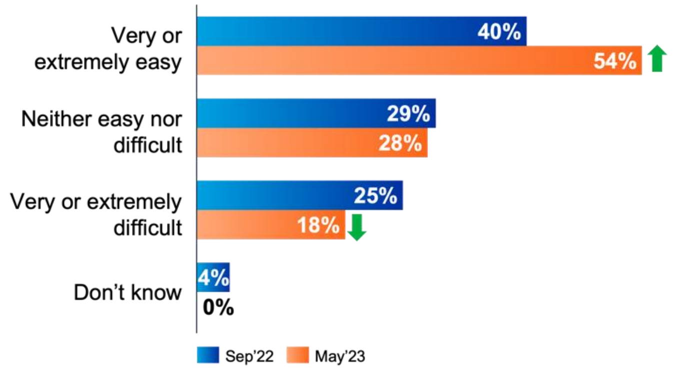
> "Financial institutions have social responsibilities and part of their services is to help facilitate foreign transactions—which has already improved this year."

Representative from the Ministry of Trade and Industry

Businesses reported a general ease in accessing credit, largely driven by the declining Monetary Policy Committee (MPC) basic interest rate. The MPC has dropped the MPC basic interest rate by 250 basis points from 19.5% in November 2022 to 17% in May 2023. The MPC cited this decrease as a means of combating decelerating price growth and a contracting economy, which has led to more favourable interest rates. Our survey findings support this as they demonstrate a notable shift in the perception of accessing credit, with a 14-percentage point increase in businesses reporting a more favourable environment for obtaining credit (see **Figure 13**). Notably, all business segments (in terms of size) perceived a positive increase in the ease to access credit. This result coincides with a significant increase in businesses offering credit terms to their customers, from 27% in September 2022 to 56% in May 2023.

Figure 13: The level of difficulty in accessing credit

Question: Please indicate how difficult or easy it is to get credit from financial institutions.

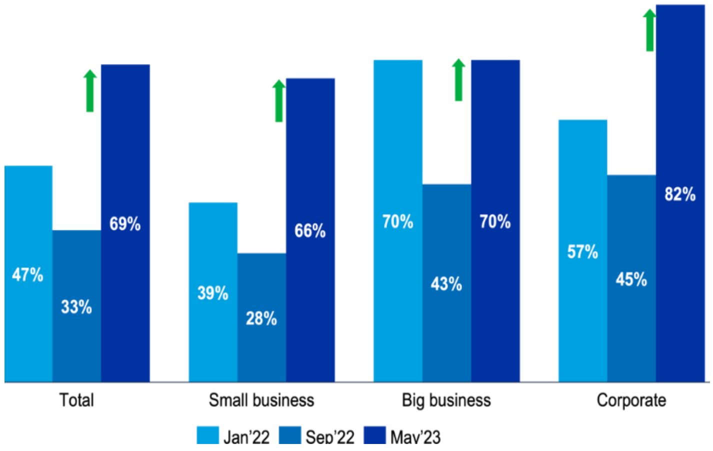


Source: Standard Bank Africa Trade Barometer Issue 3
Note: Bars will not add up to 100% as 'Refused' has been excluded from the graph

Businesses in Angola, regardless of size, are increasingly accessing credit via their suppliers (see **Figure 14**). The overall percentage of businesses reporting such arrangements has risen from 33% in September 2022 to 69% in May 2023. This trend highlights ongoing challenges in accessing finance through traditional channels, notably due to strict lending criteria resulting from elevated bad debt levels, as well as the rapid devaluation of the Kwanza leading to increased repayment values.[38]

Figure 14: The percentage of businesses adopting credit arrangements with their suppliers

Question: Do you have credit terms arrangements with your suppliers?



Source: Standard Bank Africa Trade Barometer Issue 3

In terms of support from financial institutions (FIs) in facilitating cross-border trade, businesses highlight the need for assistance in funding. Particularly, businesses emphasise the importance of flexible loan terms, along with a general need for FIs to better understand their business operations, and the provision of a wider range of funding products suited to their needs.

> "In my opinion, financial institutions should extend the grace period and increase the offer of credit in accordance with the needs of the project."

Representative from the Ministry of Trade and Industry

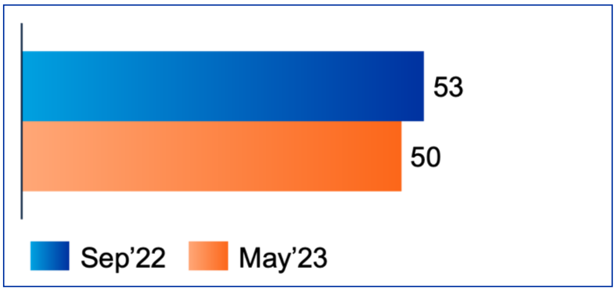
[37] GSMA. Available here

[38] EIU. Available here

9. FOREIGN TRADE & TRADING IN AFRICA

Initiatives to create awareness of the AfCFTA appear to be bearing fruit

Angola's ease of trade index score



Ease of trade can vary between 0 and 100, where 0 indicates an extreme difficulty when trading with other countries, 50 neutrality and 100 indicates no difficulty when trading with other countries. In the May 2023 SB ATB survey results, Angola's ease of trade index score declined to 50 from 53 in September 2022. This means surveyed businesses in Angola found it more difficult to trade compared to September 2022.

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Angolan businesses prioritise a partner country's quality of goods (21%), e-commerce technology (13%), and a good trading relationship (13%) when considering which partners to conduct cross-border trade with. This explains the strong preference for South Africa and China as a source of inputs, representing 49% of the gross import proportion. Notably, the quality of goods has become an increasingly important consideration for Angolan businesses, with a significant increase from 7% in January 2022 to 21% in May 2023. This further highlights the importance of the country's trade relations with China.

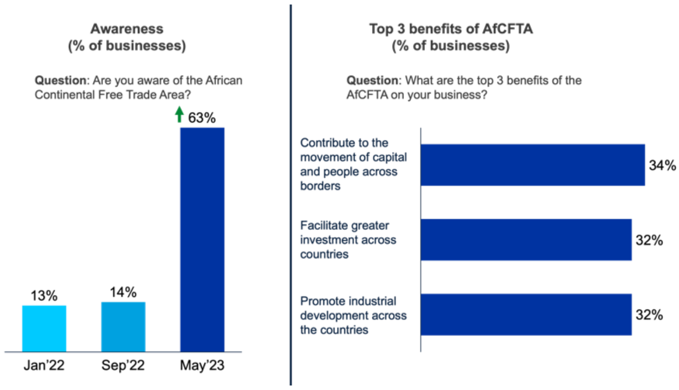
Historically, **intra-African trade has been fairly low in comparison to African trade with the rest of the world**, largely due to complex business policies, high importation / exportation tax rates, and low product demand. However, Angolan businesses are increasingly sourcing inputs from within Africa. In this iteration of the survey, the percentage of gross imports from Africa increased to 30% from 26% in January 2022.

> 63% *of surveyed businesses are aware of AfCFTA, significantly increasing from 14% in September 2022.*

Angola is one of 54 signatories to the African Continental Free Trade Agreement (AfCFTA). AfCFTA is an initiative which looks to, amongst other things, improve the level of intra-African trade by creating a single market for goods and services and lower some of these aforementioned trade barriers. To this end, members of the AfCFTA are committed to eliminating tariffs on most goods and services that are traded between African countries over a given period following the AfCFTA entering its operational phase in July 2019.

Awareness of the AfCFTA amongst Angolan businesses has significantly increased (see **Figure 15**). The percentage of respondents that are aware of the AfCFTA increased to 63% from 14% in September 2022—a statistically significant change. This result can partly be attributed to Angola's ratification of the agreement in November 2020. Under the agreement, Angola has committed to collaborating with the Secretariat, Regional Economic Communities (REC), and partners to coordinate and offer technical assistance and capacity building in trade and trade-related matters, contributing to the successful implementation of the AfCFTA.[39]

Figure 15: Businesses awareness and expected benefits of the African Continental Free Trade Area



Source: Standard Bank Africa Trade Barometer Issue 3
Note: Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey

Most Angolan businesses believe that the implementation of the AfCFTA will reap benefits for their businesses (see **Figure 15**). The most commonly identified benefits are its contribution to the ease of movement of capital and people across African borders, the facilitation of greater investment across countries and the promotion of

[39] AfCFTA. Available here

industrial development across countries. However, insights derived from the AfCFTA Country Business Index (ACBI) report reveal that Angolan businesses exhibit neutral to negative perceptions regarding customs, tariffs, and trade facilitation procedures. These sentiments run counter to the positive sentiments expressed by businesses in the Standard Bank Africa Trade Barometer (SB ATB), potentially undermining the anticipated benefits.[40] As trade under the AfCFTA is fairly nascent, future iterations of the SB ATB will provide further insights into the Government's efforts to address these barriers to trade under the AfCFTA.

"In order to benefit under the AfCFTA, the country should be more open to diversity in the economy, creation of zones for exchange of experiences with other businesses from member countries and the creation of potential policies to give an advantage to Angola's small and medium businesses."

Representative from the Ministry of Trade and Industry

Luanda, Angola. Source: Getty

[40] UNECA, Available here

10. MAIN OBSTACLES TO TRADE

Angolan businesses continue to face significant obstacles to trade

The largest obstacles to trading with other African countries that were identified by Angolan businesses were all related to infrastructure. Specifically, the most significant obstacles facing Angolan businesses when looking to engage in trade with the rest of Africa were identified as the road infrastructure, power outages and water shortages.

Angola's macroeconomic conditions present further challenges to trade, with negative factors impacting the country's attractiveness as a trading partner. Notably, the negative FDI net inflows resulting from capital outflows in the oil sector have a detrimental effect. The depreciating Angolan Kwanza, weak economic growth, high inflation, and elevated lending interest rates pose additional obstacles to trade. Furthermore, concerns arise from the projected depreciation of the Kwanza against the US dollar and the declining oil production, both of which may affect Angola's economic performance and trade prospects.

11. CONCLUSION

In conclusion, the duality of Angola’s Standard Bank Africa Trade Barometer (SB ATB) results is depicted by positive business perceptions in a challenging macroeconomic environment. With Angola's remarkable top-ranking status in this edition of the Standard Bank Survey Trade Barometer (SB STB), the spotlight now shines on future editions. These forthcoming iterations hold the promise of revealing whether business perceptions signal a macro-level transformation in Angola's business landscape.

In addition, and looking forward, another aspect that will be interesting to track in future iterations of the SB ATB in Angola will be whether the country is successful in joining the Free Trade Area of the Southern Africa Development Community (SADC) and how this influences key variables in the SB ATB. Countries in Southern Africa—particularly South Africa—have been important import and export partners for surveyed businesses in Angola across all three iterations of the SB ATB. Should Angola’s desire to join the SADC Free Trade Area come to fruition, it will be interesting to evaluate whether the imposition of lower tariffs and simplified customs procedures have a demonstrable effect on the strength of trade activity with other Southern African countries as well as a reduction in the burden of trade-related taxes and customs procedures on the operations of businesses in the SB ATB.

Port of Namibe, Angola. Source: S&P Logistix

12. APPENDIX

Appendix 1: Standard Bank Africa Trade Barometer (SB ATB) Country Ranking for Issue 3, 2023

The Standard Bank Africa Trade Barometer (SB ATB) scores are an aggregate of the Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and the Standard Bank Survey Trade Barometer (SB STB) scores. Countries are ranked against each other, i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.

SB ATB scores remained the same for Angola, South Africa and Zambia, while the majority of ranks for other countries have increased from September 2022 (see **Table 2**).

Countries that have retained their ranking from September 2022:

- South Africa (1st position)
- Zambia (9th position)
- Angola (10th position)

Countries that have improved in their ranking from September 2022:

- Namibia (3rd to 2nd position)
- Mozambique (6th to 3rd position)
- Nigeria (8th to 4th position)
- Kenya (7th to 6th position)

Countries that have declined in their ranking from September 2022:

- Ghana (2nd to 5th position)
- Tanzania (5th to 7th position)
- Uganda (4th to 8th position)

Table 2: Standard Bank Africa Trade Barometer (SB ATB) scores by country

Country	Africa Trade Barometer (ATB) Score	ATB Ranking	
		September 2022	May 2023
Angola	0 0	10	10
Ghana	74,3 19,5	2	5
Kenya	55,8 19,3	7	6
Mozambique	57,5 30,5	6	3
Namibia	60,2 43,1	3	2
Nigeria	48,4 25,9	8	4
South Africa	100 100	1	1
Tanzania	58,9 15,3	5	7
Uganda	58,9 14,8	4	8
Zambia	43,2 14,1	9	9

Sep'22 May'23

Note: The scores denote the performance of each country relative to the full country list on the specified measures

Appendix 2: Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) Country Ranking for Issue 3, 2023

The Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources / reported facts.

SB QTB scores remained the same for Angola, Mozambique and South Africa, while the majority of ranks for other countries have dropped from September 2022 (see **Table 3**).

Countries that have retained their ranking from September 2022:

- South Africa (1st position)
- Mozambique (3rd position)
- Angola (10th position)

Countries that have improved in their ranking from September 2022:

- Namibia (4th to 2nd position)
- Nigeria (7th to 4th position)
- Zambia (9th to 7th position)

Countries that have declined in their ranking from September 2022:

- Ghana (2nd to 5th position)
- Kenya (5th to 6th position)
- Tanzania (6th to 8th position)
- Uganda (8th to 9th position)

Table 3: Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores by country

Country	Africa Quantitative Barometer (QTB) Score	QTB Ranking	
		September 2022	May 2023
Angola	0 0	10	10
Ghana	86,2 26,6	2	5
Kenya	63,9 26,4	5	6
Mozambique	67,4 36,9	3	3
Namibia	64,7 46,2	4	2
Nigeria	56,1 32,4	7	4
South Africa	100 100	1	1
Tanzania	59,2 23,1	6	8
Uganda	51,8 17,6	8	9
Zambia	51,8 23,1	9	7

Sep'22 May'23

Note: The scores denote the performance of each country relative to the full country list on the specified measures

Appendix 3: Standard Bank Survey Trade Barometer (SB STB) Country Ranking for Issue 3, 2023

The Standard Bank Firm Survey Trade Barometer (SB STB) scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2,636 businesses.

Except for South Africa and Namibia, SB STB ranks have changed in this wave for all countries (see **Table 4**).

Countries that have retained their ranking from September 2022:

- South Africa (2nd position)
- Namibia (4th position)

Countries that have improved in their ranking from September 2022:

- Angola (6th to 1st position)
- Nigeria (8th to 5th position)
- Mozambique (9th to 6th position)
- Ghana (10th to 7th position)

Countries that have declined in their ranking from September 2022:

- Tanzania (1st to 3rd position)
- Kenya (7th to 8th position)
- Uganda (3rd to 9th position)
- Zambia (5th to 10th position)

Table 4: Standard Bank Survey Trade Barometer (SB STB) scores by country

Country	Africa Survey Barometer (STB) Score	STB Ranking	
		September 2022	May 2023
Angola	22,6 / 100	6	1
Ghana	0 / 18,4	10	7
Kenya	10,3 / 18,2	7	8
Mozambique	1,2 / 21,6	9	6
Namibia	34,1 / 52,7	4	4
Nigeria	8,4 / 22,5	8	5
South Africa	84,0 / 66,8	2	2
Tanzania	100 / 65,2	1	3
Uganda	57,0 / 12,2	3	9
Zambia	26,6 / 0	5	10

Sep'22 May'23

Note: The scores denote the performance of each country relative to the full country list on the specified measures

Appendix 4: The relative impact of selected macroeconomic indicators on the tradability attractiveness of Standard Bank Africa Trade Barometer Countries for Issue 3, 2023

In the table below, the ranking (between position 1 and position 10) as well as the respective colour coding highlight the impact of a specific macroeconomic indicator (e.g., FDI net inflows) on the tradability attractiveness of the respective country. To arrive at this ranking, the three-year average (2020, 2021 and 2022) of each indicator in a country is first normalised[41] which allows for the relative impact (relative to the other nine countries) of each indicator on overall tradability attractiveness for that country to be arrived at.

Table 5: Country ranking on the impact of macroeconomic indicators on tradability attractiveness

	Merchandise trade (% of GDP)	GDP (Current USD)	GDP growth (%, average annual)	Imports (% of GDP)	Exports (% of GDP)	Inflation	Lending interest rate (%)	FDI Net Inflows
Angola	4	4	10	9	2	10	8	10
Ghana	6	5	4	5	6	9	10	3
Kenya	9	3	1	7	9	6	3	7
Mozambique	2	9	6	1	4	5	6	2
Namibia	1	10	9	2	3	2	1	8
Nigeria	10	1	7	10	10	8	4	4
South Africa	5	2	8	4	5	4	2	1
Tanzania	8	6	3	8	7	1	5	6
Uganda	7	7	2	6	8	3	7	5
Zambia	3	8	5	3	1	7	9	9

Key: Negative relative trade impact — Positive relative trade impact

[41] Normalisation here means calculating the deviation of a particular macroeconomic indicator in a specific country from the mean of that indicator in all 10 SB ATB countries.

13. ABOUT THE RESEARCH

The Standard Bank Africa Trade Barometer is based on both primary and secondary research sources. This is Issue 3 of the SB ATB. Issue 1 was released in June 2022 and Issue 2 was released in November 2022. The data collection (both primary and secondary research) for Issue 3 happened between March and May 2023 in all 10 countries of interest.

The primary research component involves the administration and analysis of a firm survey (i.e., a survey of sample businesses in the countries of interest) and holding of in-depth interviews (IDIs) with key stakeholders. The sample is stratified by size (small, big and corporate), region and industry. For Issue 3, 2 636 businesses were surveyed and 30 IDIs were conducted across the 10 countries.

In Angola, 272 businesses were surveyed. The breakdown of surveyed businesses in Angola by business segment was as follows:

- 65% were small businesses
- 23% were big businesses
- 12% were corporates

In the context of the SB ATB, small businesses are defined as those with a turnover of less than AOA 1.1 billion, large businesses as those with a turnover of between AOA 1.1 billion and AOA 40 billion and corporates as those with a turnover of more than AOA 40 billion.

The breakdown of surveyed businesses in Angola by industry was as in **Table 6**:

Table 6: Breakdown of surveyed businesses in Angola by industry

Industry	%	Industry	%
Accommodation and food service activities	29%	Public administration and defence; compulsory social security	1%
Wholesale and retail trade; repair of motor vehicles and motorcycles	20%	Human health and social work activities	1%
Manufacturing	18%	Electricity, gas, steam and air conditioning supply	1%
Construction	6%	Financial and insurance activities	1%
Information and communication	6%	Professional, scientific and technical activities	0%
Services	6%	Education	0%
Mining and quarrying (includes oil & gas)	5%	Arts, entertainment and recreation	0%
Real estate activities	3%	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0%
Agriculture, forestry and fishing	1%	Activities of extraterritorial organisations	0%
Transportation and storage	1%	Water supply; sewerage, waste management and remediation activities	0%
Administrative and support service activities	1%		

The breakdown of surveyed businesses by staff complement was as follows:

- 4% had below 5 employees
- 41% had 5 - 10 employees
- 26% had 11 - 20 employees
- 13% had 21 - 50 employees
- 7% had 51 - 100 employees
- 7% had 101 - 1,000 employees
- 2% had 1,001 - 5,000 employees

With regards to individual respondent characteristics within the businesses, 85% were male and 15% were female. The breakdown by their job titles is as follows:

- 23% were heads of departments
- 17% were owners of the business
- 11% were general managers
- 8% were chief executive officers (CEOs)
- 7% were financial directors
- 6% were chief accountants
- 6% were treasurers
- 5% were chief financial officers
- 4% were chairpersons
- 4% were deputy chief executives
- 4% were deputy directors general
- 2% were directors general
- 2% were managing directors
- 1% were executive directors
- 1% held other job titles

Further details by region, business segment, industry, staff complement, age of firm, the firms' corporate and strategic decision-making structures as well as individual respondent characteristics (gender, job title, etc.) are available on request.

There were three IDIs conducted in Angola as part of Issue 3. These interviews are quoted in this report, as relevant.

The survey and IDIs were conducted on a confidential basis.

The secondary research component involves the gathering and analysis of quantitative data. This data is primarily collected from World Bank sources, although additional data is obtained from the International Monetary Fund (IMF), the International Trade Center and individual country central banks and statistics bureaus.

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In-depth details on how the Standard Bank Africa Trade Barometer scores for each country are calculated, and the resultant country rankings, are available on request.

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The research was produced by Standard Bank Business and Commercial Banking Research and Insights. For any questions or information requirements on this report please contact tradebarometer@standardsbg.com.

14. ENDNOTES

The secondary sources used in drafting this report are listed below in alphabetical order.

1. African Economic Outlook. Available here

2. Banco Nacional De Angola:
    a. Available here
    b. Available here
    c. Available here
    d. Available here

3. Fitch Solutions. Available here

4. International Monetary Fund. Available here

5. ITA. Available here

6. UNCTAD. Available here

7. World Bank. Available here

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