

# THE MINERAL INDUSTRY OF

# ANGOLA

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Angola has a population of about 10.1 million in a 1,246,700 square kilometers area, which includes Cabinda, a 100-kilometers (km) wide and 150-km deep coastal strip located between Zaire and Congo. Cabinda is the source of about 50% of Angola's oil production. The mineral economy of Angola is dominated by petroleum and diamond. Angola's gross domestic product was \$6.1 billion<sup>1</sup> by yearend 1994, which represented a negative annual growth equal to minus 1%. The inflation rate was 20%. The country gained independence from Portugal in 1975.

After 20 years of a civil war, a peace accord was signed in May 1995, between the Government and the National Union for the Total Independence of Angola (UNITA). UNITA and the Government agreed to form a new Government modeled after South Africa's system of one president and two vice presidents. In September 1995, the Angolan Government negotiated a truce with the Front for the Liberation of the Enclave of Cabinda (FLEC). FLEC has been fighting for the independence of the small enclave of Cabinda between Zaire and Congo.

All mineral resources remained the property of the Government under the mining law of 1992. However, the law eliminated the state-owned mining companies' monopoly on mineral rights. Environmental issues also were addressed by the mining law of 1992. Foreign company mining activity and joint ventures with state-owned companies were officially encouraged. International oil companies operated in joint ventures or under production-sharing agreements with the Government's Sociedade Nacional de Combustiveis de Angola (Sonangol). Angola's crude oil production is traded mainly by Sonangol.

Diamonds were traditionally mined by the state-owned Empresa Nacional de Diamantes de Angola (Endiama), its contractors, and garimpeiros (small-scale miners). The new diamond law, Law 16/94 of October 7, 1994, reinstated Endiama's diamond monopoly. However, the law also permitted garimpeiro operations on specified artisanal diamond deposits.

Most of Angola's official diamond production is marketed through De Beers Centenary AG's Central Selling Organization. There are many garimpeiro operations in Lunda North Province and along the Cuango River on the Zairian border, from which a significant volume of rough diamond is reportedly smuggled out of the country.

In 1995, Angola's trade balance was a surplus of \$2.4 billion. The total value of exports was approximately \$3 billion versus the total value of imports of \$1.6 billion.

Crude oil exports accounted for approximately 93% of the country's export earnings. Approximately 50% of Angola's output was produced from fields offshore of Cabinda Province. The United States imported approximately 65% of Angolan oil exports.

In December 1994, Cabinda Gulf Oil Co. Ltd., a subsidiary of the Chevron Corp. of the United States brought on-stream the Kokongo Field, 64 km offshore Cabinda. Kokongo East will serve as the production platform for 14 surrounding field projects containing an estimated 1 billion barrels of crude oil. Other exploration activity included Shell's deep-water Bengo-1 well on Block 16, which tested at the rate of 1,760 barrels per day (bbl/d) of oil before being abandoned. In 1995, Angolan oil production averaged 638,000 bbl/d compared with 542,200 bbl/d in 1994 and 501,000 bbl/d in 1993. Texaco of the United States operates Block 2 fields in the Soyo area, both onshore and offshore, continued shut in because of war damages. Texaco is highly dependent on the Quinfuquena onshore terminal, near Soyo, which remains damaged from UNITA's occupation in 1994. Much of the Nation's rail system was damaged or destroyed during the war, and most of Angola's 45,000 km of road was in poor condition.

Angola is important to world energy markets because it is a significant crude oil exporter. Thus petroleum is expected to continue to dominate Angola's economy for the foreseeable future. However, informal garimpeiro operations, mining primarily high-grade diamonds, could damage Angola's ability to restore the alluvial segment of the mining sector. International interest has been expressed in offshore diamond mining.

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<sup>1</sup>Where necessary, values have been converted from Angolan readjusted Kwanza (KZR) to the U.S. dollars at the rate of KZR2216=US\$1.00.

## Major Sources of Information

Ministry of Geology and Mines  
P.O. Box 1260  
Luanda, Angola  
Telephone: (244-2) 326-724; Fax: (244-2) 321-655

## Major Publications

Africa Energy & Mining, annual.  
U.S. Department of Energy, Energy Information Administration  
Report, annual.

TABLE 1  
ANGOLA: PRODUCTION OF MINERAL COMMODITIES 1/

Commodity		1991	1992	1993	1994	1995 e/
Cement, hydraulic e/	thousand metric tons	260	260 r/	250	300	300
Diamond 2/ 3/	thousand carats	961	1,180	1,000 r/	1,400 r/	2,900
Gas, natural:						
Gross e/ 4/	million cubic meters	5,700 r/	5,600 r/	5,600 r/	5,600 r/	5,600
Dry	do.	577	564	560 e/	560 e/	560
Granite	thousand cubic meters	978	184	1,130	1,490 e/	1,500
Iron and steel: Steel, crude e/ 5/	metric tons	10,000	-- r/	-- r/	-- r/	--
Marble	thousand cubic meters	244	455	104	91 r/	100
Natural gas plant liquids	thousand 42-gallon barrels	-- r/	-- r/	-- r/	-- r/	--
Petroleum:						
Crude	do.	184,000	190,000	182,865 r/	196,370	232,800 6/
Refinery products e/ 7/	do.	9,600	10,200	9,000	9,000	8,000
Salt	metric tons	40,000	20,000	30,000	30,000	30,000

e/ Estimated. r/ Revised.

1/ Includes data available through Apr. 1996.

2/ Does not include smuggled production.

3/ Production is approximately 90% gem and 10% industrial grade.

4/ Angola has no natural gas distribution system. Most gas is vented.

5/ No steel production since 1991, per International Iron & Steel Institute.

6/ Reported figure.

7/ Includes asphalt and bitumen.