



EMBASSY OF INDIA LUANDA

REPORT ON DIAMOND AND MINING SECTOR IN ANGOLA

August 2021



Foreword

I am delighted to present a compilation of information on the Diamond and Mining sector in Angola. Angola and India share friendly bilateral relations, which sets out potential areas for intensifying bilateral cooperation among others in the business, mineral resources and technology. Both countries are interested in diversifying the trade and commerce relations. Economies of the two countries complement each other. Angola is rich in hydrocarbon and mineral resources while India is rich in human and financial capital and has low cost technical expertise. The Embassy has been active in organizing various webinars and virtual events to strengthen trade and investment between both countries.

The objective of this report is to give an idea of potential opportunities in the Diamond and Mining sector. The report gives the information about the natural resources, land & infrastructure, latest policies and potential areas of cooperation and details of key players. The report seeks to provide a capsule of information that might be useful for the business between India and Angola.

The Embassy always strives to strengthen economic and commercial relations between India and Angola by spreading information and extending support to Indian businesses. You are encouraged to send your economic and commercial queries and inputs to our commercial wing at the following E-mail IDs:

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(Pratibha Parkar)
Ambassador
Embassy of India , Luanda
10 August 2021

Background



Historical perspective - The first diamonds discovered in Angola were recorded in November 1912 by two geologists from the Forminiere company. Diamond mining in Angola dates back to 1917 when a consortium of Belgian, English and Portuguese investors began mining in Angola. The diamond sector, was then regulated by the Diamond Sector Stabilization Program (PROESDA), controlled during the colonial period, by Diamang - Angola Diamond Company, created in 1917. Diamang founded several subsidiary companies and created several infrastructures to order to improve the region, such as roads, bridges, a power plant and supply systems. With the country's independence in 1975, the National Diamond Company (Endiama) was created in 1981, and Diamang became extinct in 1986. The current government of President João Lourenço has diversified the mining sector and offered investors diamond exploration licenses. Diamond production is one of Angola's main sources of wealth.

Present Diamond production scenario in Angola



Currently, Angola's diamond production is third in the continent – the first two spots taken by Botswana and South Africa respectively. In terms of global production, Angola is seventh, accounting for roughly 5% of world diamond production.

According to the African Diamond Council, the official governing body, the diamond industry in Angola represents nearly 1.2 billion euros in annual production. Reports suggest that Angola has extensive diamond reserves that are estimated at 300 million carats. In 2019, Angola's diamond production volume amounted to 9.1 million carats, compared to a production of 6.1 million carats in 2004.

Angola has in total 14 mining projects. The largest is the Catoca Mine, which produces 61% in value of the total Angolan output. Six of the mines (Catoca, Chitotolo, Cuango, Camutwé, Somilwana and Lulo) cumulatively represent 92% in value of Angolan diamond mining.

It is estimated that only 40% of Angola's kimberlite have so far been discovered, while experts believe that there is a high potential for finding others.

Endiama E.P. & Sodiam E.P.— State-owned Diamond Companies



Endiama is the leading player in the Angolan diamond industry, which is the largest single shareholder in mining ventures, diamond trading, and the leasing of subsidiary services to the diamond mining sector. It is a State-owned company. The governance and control of the Mining industry in Angola is divided between Endiama and the Ministry of Geology and Mines.



Established in 1999, Sodiam is a State-owned Company responsible for controlling and supervising the purchase, sale and single channel for export of the Angolan Diamond Mining output and allocates the country's rough gemstones for the local manufacturing. In 2018, Sodiam supplied over 8.4 million rough carats, from over 12 different Angolan diamond mines, for a total value of US\$ 1.2 billion, corresponding to an average price of US\$145 per carat, positioning Angola among the top five largest producing nations in the world.

Latest Government Policies in the Sector



The Government plans to increase the production of diamonds in the country to 14 million carats by 2022. Towards achieving this end, the government has announced plans to further develop industry specific market infrastructure and plans to optimise and widen its services to the global diamond trade through the establishment of an Angolan Diamond Pole and an Angolan Diamond Bourse (ADB).



The Presidential Decree 175/18 of 27 July 2018 and a new Presidential Decree 143/20 of 26 May 2020 have outlined some important main principles which will serve as guidelines for Angola's future in diamonds. The Presidential Decrees refer to the importance to market operations through a single channel.

At present, Sodiam is responsible for all diamond trading and exports. In the new framework the Angolan Diamond Bourse/exchange, will take over the task. The Diamond exchange announced in October 2020 is slated to open by the end of 2021.

Trade and investment opportunities



To stimulate growth and realize the mining and diamond sector's full potential, Lunda Sul, Angola's mining province, will play an important role and it is where big investment in the sector is taking place. The new Angolan diamond pole is being developed in the city of Sourimo, the capital of Lunda Sul province.

The location of Diamond hub is near the Catoca mines, currently ranked as the world's fifth biggest diamond mine by reserve with an expected mining life of 30 years. The Sourimo Diamond hub is being created to provide a platform for the companies to manage the enormous flow of diamonds under one roof and for attracting foreign investment. It will bring together in one place, all the actors working in the diamond industry, both public and private.

The Hub is being developed by Endiama and Sodiam, the state owned mining and trading companies respectively of Angola. The Hub is spread across over an area of 3800 hectares which includes 800 hectares dedicated for green energy. The Hub also includes dedicated areas for Diamond polishing and trading companies, a Gemmological Academy, a Technological Research and Training Centre embedded in a Free Trade



Zone. The infrastructure is being well developed with a dedicated Solar plant and regular water supply.

Cooperation opportunities with India



Angola has invited Diamond Polishing companies to set up units at the Diamond Pole, wherein Land and Infrastructure for foreign investors to set up their Diamond Units is now being made available. The Training Center being developed at the Hub is expected to have 11 courses all linked to mining. The centre will have full-time students and laboratories to support the courses and facilities. The idea is to skill-up the diamond workforce of tomorrow and help Angola diversify its economy. The Hub will help with regional and national development, and especially benefit the local population in terms of employment with young people benefiting from their technical and professional training, as well as the job market.

Angola, which has traditionally remained a country producing and exporting rough diamonds, is now expecting to add value to the industry and start diamond polishing within the country. It is seeking international partners in an attempt to become a top-three world gem producer along with international investment and exploration, including plans for its own listing. Angola has opened up to international companies with financial and technical knowhow and capacity that can contribute in achieving its aims in the sector.

Ambassador visits Lunda Sul



With India as a leader in diamond polishing and its cutting edge technology in the mining sector, both countries provide complementarities to each other. Most of the diamonds from Angola land up on Surat for polishing directly or indirectly. During the 1st Joint Commission Meeting between India and Angola in Sept, 2020, both sides agreed to have direct business links in the mining and

diamond sector that would prove beneficial to both countries. Angola has requested Indian businessmen to invest in polishing the diamond in the Industrial Pole in Saurimo (Lunda Sul).



The Embassy of India, Luanda had organized an India Global Connect Event in December, 2020 towards bringing businesses together in the Diamond, Gems and Jewellery sector which was well received. Another virtual meeting in March was organized by the Embassy that included Sodiam, Endiama, GJEPC and Indian companies. **HE Ambassador Pratibha Parkar visited the Lunda Sul province and Sourimo Diamond Hub from 30th June-1st July, 2021 to witness the developments on the ground.**

The hub has been divided into several plots that will be allocated to the interested investors.

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The factories will be built by Endiama as per the requirements of foreign investors and then will be leased to them. **Angola has hired a trainer from India.**

At present, Four Diamond polishing companies including two Indian companies have already set up base at the Sourimo Diamond Hub.

Both Indian companies are in the final phase of completion.

They are expecting 100 workers from India to arrive in Angola by end of September.

Large solar panels have been set up to ensure steady supply of electricity.

Endiama will also provide security to the entire hub. Endiama and Sodima recently released tenders, which have seen 80% participation from Indian companies, after the tender was popularized among Indian diamond companies by the Embassy and GJEPC.

Angola hopes that there will be a keen interest among Indian Companies for the diamond hub being developed by them.



Ambassador's meeting with the Governor



During her visit to Lunda Sul province and the diamond mining hub of Angola, HE Amb Pratibha Parkar also paid a courtesy call on the Governor HE Daniel Félix Nato and discussed opportunities for cooperation and possibilities of bilateral trade and investments.



Ambassador also met Vice Governor HE Leandro Kaputu and officials of the local government of Lunda Sul Province and Mrs. Teresa Monteiro, President of Lunda Sul Chamber of Commerce.

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In both the meetings there was interest of the Provincial Government of Lunda Sul, to engage with Indian companies and have tie-ups. The official expressed keen interest to have Indian investments in the sectors of agriculture, pharmaceutical and mining. There was enthusiasm and optimism on both sides to have stronger economic relations.

Local Media Coverage on the Visit

■ LUNDA-SUL

Embaixadora da Índia avalia investimentos

A embaixadora da Índia em Angola, Pratibha Parkar, destacou, ontem, na cidade de Saurimo, Lunda-Sul, o interesse de empresários indianos em investirem no corte e lapidação de diamantes, aproveitando as oportunidades de negócios disponíveis no Pólo de Desenvolvimento, em fase conclusiva na região.

Além dos diamantes, a diplomata também manifestou interesse do seu país em investir nos sectores da Agricultura, Saúde e Tecnologias de Informação.

O governador da Lunda-Sul, Daniel Neto, manifestou o desejo de estabelecer um protocolo de geminação entre a cidade de Saurimo e a cidade indiana de Surat, ideia que foi acolhida com agrado pela embaixadora da Índia. A embaixadora anunciou a chegada, nos próximos tempos, de uma delegação de empresários indianos à província.

Adão Diogo | Saurimo

Jornal de Angola

Indian Ambassador assesses investments

The Ambassador of India in Angola, Pratibha Parkar, highlighted yesterday in the city of Saurimo, Lunda-Sul, the interest of Indian businessmen investing in cutting and polishing diamonds, taking advantage of the business opportunities available at the Development Pole, which is in its final stages in the region.

Besides diamonds, the diplomat also expressed the interest of India, investing in the Agriculture, Health and Information Technology sectors.

The Governor of Lunda-Sul, Daniel Neto, expressed his desire to establish a twinning protocol between the city of Saurimo and the Indian city of Surat, an idea that was welcomed by the Ambassador of India. The ambassador announced the arrival of a delegation of Indian businessmen to the province in the near future.



ÍNDIA QUER REFORÇAR PRESENÇA NA LUNDA SUL

LUNDA SUL Quarta, 30 Junho De 2021 16h10

Saurimo – A embaixadora da Índia em Angola, Pratibha Parkar, informou, nesta quarta-feira, em Saurimo (Lunda Sul) que o seu país está interessado em investir na Lunda Sul, nos domínios da saúde, educação e nos sectores dos diamantes.

A informação foi avançada numa conferência de imprensa, no aeroporto Deolinda Rodrigues, após a sua chegada, afirmando que os sectores privilegiados são onde o seu país tem fortes conhecimentos e pretende partilhar com essa província do Norte e Angola, em geral. Sublinhou que além dos diamantes, a Índia pretende investir também na agricultura e nos domínios da Tecnologias de Informação (TIC), lamentando a problemática que o mundo vive com a pandemia da covid-19, porque era intenção trazer mais de uma centena de investidores para constatar “in loco” o que de concreto existe na região. Pratibha Parkar afirmou que a Lunda Sul joga um papel importante na economia do país, por possuir vários recursos em exploração, facto que motiva muitos empresários indianos a trabalhar nas minas diamantíferas, dando igualmente a sua contribuição no seu desenvolvimento. Fez saber que outro investimento que interessa muito à Índia tem a ver com o projecto de lapidação de diamantes, onde o seu país conhece e possui experiência e formação nas mais diversas áreas, pelo que gostava de partilhar com os investidores nacionais, com resultados recíprocos entre os dois povos. Como perspectivas para este ano, a Embaixada da Índia pretende levar a cabo uma “Webinar” entre empresários indianos e os da Lunda Sul, através da câmara de comércio, com o objectivo de analisar e discutir os campos de actuação, para possíveis investimentos imediatos. Por seu turno, o governador da Lunda sul, Daniel Neto, enalteceu a visita da embaixadora, afirmando que a província precisa - com urgência - de investimentos estrangeiros, com maior incidência nos sectores da agropecuária, mineração e nas tecnologias de informação. Propôs ainda à embaixadora, a criação de cidades geminadas nos sectores diamantíferos, a exemplo de outras como a Rússia e Portugal, para facilitar o intercâmbio comercial, e no capítulo da formação e troca de experiência em vários domínios da economia. Afirmou que o governo que dirige tem portas abertas para investimentos da Índia, e que a região oferece recursos hídricos, clima e outros factores preponderantes, para alavancar qualquer projecto. Durante a sua estada, de dois dias, na Lunda sul, Pratibha Parkar, visitará o Pólo Diamantífero de Saurimo e zonas turísticas, assim como manterá encontro com o representante da Câmara de Comércio e Indústria local. A Índia e Angola partilham relações desde os tempos da pré-independência nacional, quando apoiou a luta pela libertação. A cooperação diplomática bilateral remonta desde 1985.

About Lunda Sul Province



Lunda Sul is one of the 18 provinces of Angola, located in the east of the country. The capital is the city of Saurimo, in the municipality of the same name. According to the 2018 population projections, prepared by the National Institute of Statistics (INE), it has a population of 609 851 people and a territorial area of 77 636 km². The province has four municipalities: Cacolo, Dala, Muconda and Saurimo. On July 4th 1978, by decree-law no. 84/78, the province of Lunda was divided into two, the original portion being named Lunda Sul, while the province of Lunda Norte was officially created.

Economic Activities in Lunda Sul Province

The strongest sector in the province of Lunda Sul is industrial mining, with diamonds, manganese and iron ore being its highest value products. In Lunda Sul, subsistence agriculture is practiced, with seasonal agricultural production mainly in manioc, maize, rice, ginguba, sweet potato, yam and pineapple. In permanent farming, on the other hand, there is outstanding production of avocados, guavas and mangoes.

In vegetal extractives there is a large chain of extraction of timber resources, such as pine trees, and; in animal extractives there is an important fish surplus extracted from the numerous rivers of the province. It is in Saurimo's industrial park that most of the region's industrial production is concentrated, there is manufacturing of food, beverages, clothing, agro-industrial production and construction.

The trade and services sector is concentrated in the capital, Saurimo, which hosts wholesale and supply centres both for Lunda Sul province and for the other provinces of eastern Angola. The capital is also the financial centre of the east region.

In addition to the diamond sector, the region has potential for development in the energy sector (hydroelectric use of the Chicapa River) and agriculture, with the production of rice, cassava, maize, sweet potatoes and cooking oil.

The most spoken national languages in the province are Portuguese and Tchokwe.