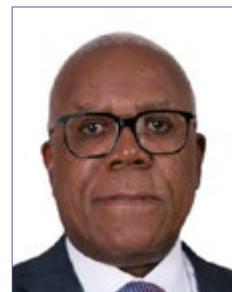


Towards a more competitive and sustainable oil sector in Africa



By Gaspar Martins

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Angola has introduced several new measures to boost its oil production and improve its attractiveness for international investment. In the summer of 2018, President João Lourenço signed a decree to create an agency that would lease and manage oil blocks, allowing Sonangol to refocus on its core business. Angola also halved the tax rates on the development of oil discoveries with fewer than 300 million barrels of reserves, and cut the oil production tax on so-called marginal fields to 10 percent from the typical 20 percent rate. These tax reforms also halved the oil income tax on marginal fields to 25 per cent from 50 percent.

Today, political stability, national policies and Angola's development demand a wider scope and focus on the future of the country's economy, considering the global market and the social context. Sonangol aims to increase efficiency and profitability all across its value chain. Considering the importance of Sonangol and its subsidiaries within the oil and gas sector, in Angola as well as abroad, this ongoing change will actively contribute to a more competitive and sustainable national oil sector. Angola is very proud of its history, working very hard on the present and excited about the future.

Sonangol's regeneration programme is well under way to 'explore, produce, refine and distribute crude oil and gas to society'



The main objectives, at this moment, are to prepare, guide and develop skills in order to prepare employees for the challenges that await. The government's goal is to redirect Sonangol to its core business: research, exploration, production, refining, and distribution. For this, Sonangol needs to have competent employees and partners, able to take the group farther by strengthening its role in Africa.

It should be emphasised that the primary objective of this process is to make Sonangol the main oil and gas company operating in the country, while also making it a leading industry player in Africa and the rest of the world.

Much has already been achieved. Sonangol's ongoing Regeneration Program has reached and, in some cases, exceeded the targets set for this stage. Strategically, solid bases were established for this final phase of the program, leaving the company prepared to meet the challenges and take full advantage of the opportunities on the horizon.

The ongoing change at Sonangol is an essential step towards the much-needed reform of the company and the Angolan oil sector, an initiative that should help make it more attractive for international oil operators to work with and invest in. Sonangol's key priorities at this time are, of course, to meet all defined strategic objectives and create the conditions to ensure that the firm increases the efficiency and profitability by actively contributing to the Angolan economy, of which the oil and gas is a major part. The priorities are defined and the company's Regeneration Program guarantees that the core business of the state oil company is "to explore, produce, refine and distribute crude oil and gas to society."

We must emphasise the importance of the Regeneration Program, noting it aims at Sonangol's original purpose, and that the successful implementation of the aforementioned Program will contribute to Sonangol focusing on its core business. It must also be stressed that successful implementation of the ongoing program will only be possible if all Sonangol employees contribute to the effort underway.