DECREE 127/03

GENERAL REGULATORY FRAMEWORK
FOR HIRING OF SERVICES AND GOODS
FROM NATIONAL COMPANIES
BY COMPANIES IN THE OIL INDUSTRY
OIL MINISTRY
ORDER 127/03
OF 25 NOVEMBER

Considering the need to regulate the use of the national business community’s goods and services in activities which support the oil operations;

Until regulatory legislation is approved for the current law regulating oil activities;

Pursuant to no. 3 of article 114 of the Constitutional Law I order:

1. The general regulatory framework for the contracting of goods and services from national state and/or private companies by companies in the Oil Sector appended to this statute and of which it is an integral part is approved.

2. This order comes into force immediately.

Let it be published.

Luanda 14 October 2003

The Minister Desidério da Graça Veríssimo e Costa
GENERAL REGULATORY FRAMEWORK
FOR THE CONTRACTING OF GOODS AND SERVICES
FROM NATIONAL COMPANIES
BY COMPANIES IN THE OIL SECTOR

CHAPTER I
General Provisions

Article 1
Scope

1. This general regulatory framework aims to establish the basic rules to be complied with for the contracting from national companies suppliers of goods and services by companies in the Oil Sector.

2. First of all it guarantees the protection of the insertion of the national business community and the use of national goods and services in the activities which support the oil operations.

CHAPTER II
Business Opportunities

Article 2
Systems

The business relationships to be established between national companies suppliers of goods and services and companies in the Oil Sector are based on the following systems:

1. Rule on exclusivity for the Angolan business initiative.

1.1. All activities which do not require a high capital value and basic
average and in-depth non-specialised know-how in which the participation of foreign companies has to take place only on the initiative of Angolan companies come under this system.

1.2. The following business opportunities are covered by this system:

- Pressure tests on oil and/or gas storage tanks and pipelines.
- Transportation of equipment materials and foodstuffs or sounding and production platforms.
- Supply of industrial and drinking water.
- Catering
- Supply of technical material
- General cleaning and gardening
- General maintenance of equipment and vehicles.
- Operators and managers or supply points (air ports ports and service stations).
- Inspection of the quality of products distributed and sold (oil products and derivatives).
- Retailers of lighting oil gas and lubricants.
- Transport of products from the terminals to the supply points.

2. System of semi-compliance

All areas which require a reasonable level of capital in the oil industry and in-depth not always specialist know-how where the participation of foreign companies has to be permitted only in association with national companies or on their initiative come under this system.

The following business opportunities are covered by this system:

- Purchase and/or processing of geographical data;
- Geographical or geodesic surveying.
- Vertical directional and/or horizontal drilling of wells;
- Geological control of drilling (mud logging)
- Production tests.
Laboratories for geological geochemical and fluid analyses.

Specialist consultancy in engineering and management of geological geophysical and geochemical sciences as well as tanks oil operations installations analysis and interpretation of data

Operation and maintenance of production installations including oil and gas pipelines.

Calibration of storage tanks and measurement instruments.

Construction and assembly of mechanical electrical structures and production and drilling installations.

Inspection and supervision of consignments of oil or natural gas

Cargo transport of oil or natural gas.

Cement and drilling sludge products

Supply of drilling sludge

Supply of seismic materials including explosives.

Drilling production materials and equipment.

Cleaning and maintenance works on wells.

Cementation and/or completion of wells.

Transport of crude oil to the refinery.

Electricity and instrumentation.

Operators and managers of terminals.

Pressure tests on storage tanks and measurement instruments.

Maintenance engineering of terminals and supply points.

Inspection of distribution installations and supplies

Manufacture and assembly of braziers and lamps

Manufacture and assembly of electricity generating sets.

Assembly of selected makes of vehicles for the oil industry.

Manufacture of plastic for the oil industry as well as synthetic fibres and rubbers.
Manufacture of fertilisers.
Production of detergents.

3. Competition system

Not excluding the possibility of partnerships between Angolan companies and foreign companies the competition system means all oil activities (offshore and onshore) not described in the systems above and which require a high level of capital in the oil industry and in-depth specialist know-how.

CHAPTER III
Contracting and Sub-contracting

Article 3
National private companies

1. In order to be able to participate in the public tendering to be carried out by companies in the Oil Sector private national companies must have the majority of their respective share capital subscribed and paid up by Angolan citizens.

2. The companies referred to in the paragraph above must also:

   Record in their company object the “provision of support services to the oil activities”;

   Proceed with up-dating the share capital in accordance with the requirements to be established by the Oil Ministry;

   Be registered and certified by the Oil Ministry and by the Chamber of Commerce and Industry of Angola in accordance with the requirements to be established by those organisations.

Article 4
State companies

Angolan state companies compete for the supply of national goods and services to support the oil activities in equal circumstances and with the same rights and
obligations as national private companies.

Article 5

Form of contract

1. The companies in the Oil Sector are obliged to put out to public tendering for the contracting and sub-contracting of Angolan private and/or state companies for the supply of goods and for the provision of support services to the oil activities in accordance with the provisions of this general regulatory framework.

2. However companies in the Oil Sector may have recourse to direct contracting from Angolan private and/or state companies or companies under foreign law provided that urgent technical reasons are confirmed or the insufficiency on the Angolan market is certified for that purpose they must apply in advance for authorisation from the Oil Ministry.

Article 6

Preferential rights

In the contracting and sub-contracting for the supply of goods and provision of support services to the oil activities Angolan state and/or private companies enjoy preferential rights provided that the amount of the respective proposal is not more than 10% higher than that proposed by other companies.

CHAPTER IV

Goods of National Production and Services

Article 7

Goods of national production

Consumer goods of national production to be used in the services which support the oil activities are recorded in the “List of Available Capacities of Industrial Companies” published annually by the Ministry of Industry of the Republic of Angola which must also contain the respective location in the country.
Article 8

National companies’ services

1. The support services to the oil activities are amongst others those which may be carried out by national state and/or private companies in the areas which come under the systems described in article 2 of this regulatory framework.

2. The areas of services referred to above are up-dated annually under the cover of the co-operation protocol to be entered into between the Oil Ministry and the Chamber of Commerce and Industry of Angola.

CHAPTER V

Oil Sector Companies

Article 9

The use of goods and services of national companies

1. Companies in the Oil Sector undertake to:

   Purchase on the Angolan market the consumer goods necessary for carrying out their activities such as food consumables equipment machinery and other goods of national production;

   To contract and sub-contract preferentially national private and/or state companies for the provision of support services to the oil activities.

2. Through the national system of concessions companies in the Oil Sector must send the Oil Ministry for confirmation all applications for requests for authorisations and all types of contracts accompanied by the respective documents an essential condition for the contract to come into force.

CHAPTER VI

Final and Transitional Provisions

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Article 10

Doubts and omissions

Any doubts and omissions arising out of the interpretation and application of this general regulatory framework shall be resolved by order of the Oil Minister.

The Minister Desidério da Graça Veríssimo e Costa.