The Angolan Parliament approved yesterday the proposal for a new Competition Act, which establishes the legal framework for competition in Angola and creates the Competition Regulatory Authority (Autoridade Reguladora da Concorrência, or “ARC”), which will enforce it.

The new law, which is inspired by the laws in force in Portugal and in most European countries (which, in turn, gather inspiration from European Union law), comes as a result of the efforts made recently by the Angolan Government to promote growth and economic development, and, once in force, will provide Angola with a modern system of competition enforcement.

The new law has a wide scope, as it applies to both private companies and State-owned companies, and covers all economic activities which produce effects in Angolan territory.

As under the Portuguese and EU regimes, the new law prohibits agreements and practices which restrict competition, both between competitors (“horizontal” practices, of which the most serious example are price-fixing cartels) and between companies and their suppliers or customers (“vertical” practices).
The law also prohibits abusive practices by dominant undertakings (including, among others, the refusal to grant access to essential infrastructure, predatory pricing and the unjustified termination of a business relationship), as well as the abuse by one or more companies of the state of economic dependence of their suppliers or customers.

The new law will also introduce merger control in Angola. All concentrations which meet the market share or annual turnover criteria, to be defined in regulations to be approved, will be subject to mandatory notification to the ARC, and cannot be implemented before clearance.

Prohibited practices and the implementation of concentrations without clearance are punishable with heavy sanctions, which may go up to 10% of the annual turnover of the companies involved.

The law, which had already been approved in general by the Parliament on 9 March and was the object of a final parliamentary approval yesterday (by unanimity), will now be sent for promulgation by the President of Angola and subsequent publication in the official journal (Diário da República) before entering into force.

While a number of important provisions for the practical application of the law will still depend upon the approval of further regulations, including the Organic Statute of the ARC, the new Competition Act, when it enters into force, will undoubtedly constitute an important milestone for the Angolan economy and may represent a significant contribution for the promotion of corporate efficiency and the functioning of the national economy.